

# Market Insights & Strategy

Global Markets

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## MIDDLE EAST & AFRICAN MONITOR

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### REGIONAL COMMENTARY

#### ***Oil Prices Remain Steady Despite Another Big Draw Of US Inventories.***

The latest EIA report showed that US crude inventories fell by 6.90 mio barrels last week against expectations of a 3.90 mio draw. Overall US commercial oil inventories now stand at 445.50 mio barrels which is 7% below their five year average. Despite this news the primary benchmarks are still trading below their recent highs, with many players awaiting fresh news from the OPEC+ grouping on what their next move may be in regards to the output cut accord, following the failure to reach a consensus at their most recent meeting.

#### ***Nigeria Loses More Than 10% Of Its Crude Output To Theft.***

According to Nigeria's Information Minister, the West African country loses an estimated 200,000 bpd of its crude oil production due to oil spills, the majority of which are caused by sabotage or theft. "With oil providing 80% of Nigeria's budgetary revenues and 95% of foreign exchange earnings, one can only imagine the impact of the incessant destruction of oil pipelines on the economy. I do not intend to take the wind out of the sail of the experts who will speak on this issue, but with an average of 200,000 barrels per day lost to the wanton damage to pipelines and a huge amount of 60 billion Naira yearly to repair and maintain the vandalized points, one can only imagine the impact on the economy. Apart from the impact on the nation's earnings, consider also the environmental problems caused by the incessant vandalism, in terms of freshwater pollution, air pollution, soil pollution, etc., and you will appreciate the enormity of the problem," Lai Mohammed, was quoted as saying by 'The Cable' news site during a town hall meeting he attended in Abuja earlier this week.

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### **US Anticipates Fresh Round Of JCPOA Talks.**

A US official announced this week that a seventh round of JCPOA negotiations is expected to take place, although adding that an exact date has not yet been confirmed. *"Of course, nothing is certain in the world of diplomacy, but I think we have every expectation that there will be a seventh round of talks at the appropriate moment, at the right time, and our team looks forward to being engaged in that next round of talks when it does begin,"* a US State Department spokesman was quoted as saying by 'Reuters' on Wednesday.

### **Dispute Over Ethiopian Dam Continues.**

The ongoing dispute between Egypt and Sudan on one side and Ethiopia on the other, over the latter's Nile dam project remains unresolved. Tensions have risen again in recent days as Ethiopia began its second filling of the dam. *"This is a situation that Egypt cannot and will not tolerate, If its survival is imperiled, Egypt will be left with no alternative but to uphold and protect its inherent right to life that is guaranteed by the laws and customs of nations and the imperatives of nature,"* Egypt's Foreign Minister, Sameh Shoukry, was quoted as saying by 'The National' newspaper, during his speech at the UN Security Council yesterday. Meanwhile, the UN's Special Envoy for the Horn of Africa, Parfait Onanga-Anyanga, admitted on Thursday that recent negotiations between both sides and arranged by the African Union had made little progress in resolving the matter, but added that *"The United Nations remains available to promote a win-win solution in supporting Member States in navigating this complex issue, where genuine political will, compromise and good neighborliness are essential."*

### **IMF Expects Saudi Arabia's GDP To Expand By 2.40% In 2021.**

Following its latest review of Saudi Arabia, the IMF said that the Kingdom's economy was recovering well, supported by the government's rapid fiscal and financial response measures enacted last year and its ongoing reform program. *"The economy is recovering well. The non-oil recovery that started in the second half of 2020 is expected to continue with non-oil growth projected at 4.30% this year. While central government fiscal consolidation will be a drag on growth, it is expected to be offset by higher Public Investment Fund investment and strong private demand. Real oil GDP growth is projected at -0.40% in 2021 as production is assumed to remain in line with the OPEC+ agreement and overall real GDP is expected to grow by 2.40%. Over the medium-term, growth is expected to accelerate as the economic reform agenda begins to pay dividends,"* the official IMF statement read. You can access their review in full [here](#).

### **Dubai Real Estate Transactions Hit An 8-Year High.**

According to data released by the 'Property Finder' platform, real estate sales transactions in Dubai hit an eight-year high of AED 14.79 bio last month, the highest monthly value recorded since December 2013. *"The trends this year have certainly kept us on our toes, with month-on-month increases and record-breaking months for sales transactions, high investment demand from residents and foreign investment and property prices increasing across prime, popular communities,"* the company's Director of Research was quoted as saying by 'The National' newspaper this week.

### **Number Of COVID-19 Cases Surges Across Africa.**

The number of new COVID-19 infections is reportedly rising sharply in many African countries, driven primarily by the ongoing spread of the more infectious Delta variant. *"Africa has just marked the continent's most dire pandemic week ever. But the worst is yet to come as the fast-moving third wave continues to gain speed and new ground. The end to this precipitous rise is still weeks away and cases are doubling now every 18 days, compared with every 21 days only a week ago,"* the WHO's regional director for Africa, was quoted as saying by 'CNBC' yesterday. His comments were echoed by Dr Tom Kenyon, the chief health officer at Project HOPE, who warned that *"Alarm bells should be going off. Given the horrors we just saw in India, that should be cause for alarm and stimulate action."* The coronavirus vaccine rollout in the world's second-largest continent remains far behind the rest of the world with only 2% of Africa's population vaccinated thus far.

### **Moody's Affirms Its Credit Ratings On Iraq.**

Moody's this week affirmed its Caa1 long-term credit rating on Iraq with a stable outlook, but although acknowledging in its official statement that the Iraqi government's plans to sharply increase its oil production capacity in the medium term, *"would support economic growth and strengthen Iraq's fiscal and external position,"* it added that the country's *"exceptionally high economic and fiscal reliance on oil, and very weak*

*institutions and governance will continue to limit policy effectiveness, constrain the government's capacity to respond to external and domestic shocks and weigh on the already low competitiveness of Iraq's economy."*

### **Masdar Wins Solar Power Contract In Armenia.**

The Abu Dhabi based energy firm, Masdar, has been awarded a US\$174 mio contract to build 200-MW solar power plant in Armenia, according to the 'Gulf Business' website. The project will reportedly be developed on a design, finance, build, own, and operate basis and the project company will be 85% owned by Masdar, with the Armenian National Interest Fund holding the remaining 15% stake.

### **YMMY Holdings Plans Significant Investment In Niger.**

Morocco's YMMY Finance Holding announced this week, that it plans to invest up to \$3.30 billion in various projects within Niger's capital city, including a agro-food facility and a 1000 hectare shopping complex. "There are six projects that will be carried out over 8 years and the majority fall under a Public-Private-Partnership contract at a cost of US\$3.3 billion," the chairman of YMMY Finance Holding group, Ahmed Lotfi, was quoted as saying by the 'Morocco World News' website.

### **FX/RATES & CRUDE MARKETS:**

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Currency	Spot	1M	2M	3M	6M	9M	12M	2Y
USD/AED	3.67295/305	-1/+1	-1.25/+0.75	-1.50/+1	-1.50/+2.50	2/7	5/10	45/65
USD/SAR	3.7508/11	7/10	8/13	12/17	21/26	28/38	35/45	95/115
USD/KWD	0.30110/130	15/25	35/45	55/70	120/140	180/210	240/270	370/470
USD/OMR	0.38499/504	14/24	25/35	35/50	75/95	110/140	155/185	330/430
USD/BHD	0.37696/701	25/35	40/60	60/80	105/135	150/180	180/230	250/450
USD/MAD	8.9150/9350	50/120	100/200	125/275	250/550	400/800	600/1500	1800/3800
USD/EGP NDF	15.6945	15.83/15.87	15.96/16.01	16.11/16.16	16.52/16.57	16.94/16.99	17.32/17.37	-
USD/JOD	0.7085/90	50/150	70/270	200/350	400/700	500/900	600/1200	1000/2500
USD/NGN NDF	411.29	416.00/421.00	421.50/426.50	427.00/432.00	439.00/444.00	451.00/456.00	462.00/470.00	(NAFEX)
USD/GHS NDF	5.9300	5.94/5.99	5.99/6.04	6.03/6.08	6.20/6.30	6.40/6.50	6.60/6.75	-
USD/TND	2.8100/8300	80/180	150/350	300/500	600/1600	1000/2000	1500/2500	4000/6000
<b>Crude Oil</b>	<b>Futures</b>							
WTI	73.20							
Brent	74.35							

**\*\* (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	+67/73	+76/82	+85/91	+92/98	+98/104	+104/110	+111/117	+126/132

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

### **AND FINALLY...**

*Did you know that the inspiration for the Expo 2020 Dubai logo came from a 4000-year-old gold ring, discovered back in 2002 in an ancient archaeological site named Saruq Al Hadid ?*

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