

# Market Insights & Strategy

Global Markets

13<sup>th</sup> July 2021

## MIDDLE EAST & AFRICAN MONITOR

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- **Trading Volume In Murban Oil Futures Hits New Record.**
- **Angola Offers Up Stake In New Refinery.**
- **South African Army Mobilized To Quell Riots & Looting.**
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### REGIONAL COMMENTARY

#### **Restoration Of JCPOA Agreement Is “90% Done” – Russian Official.**

According to a Russian Diplomat based in Vienna, most of the work towards restoring the Iran nuclear deal has been completed. *“Estimates like this are always subjective, but, as I see it, we’re more than 90% there. There’s relatively little left to do. But there are politically sensitive matters in the remaining 10% which could cause a delay. That can’t be ruled out. We’d like to hope that Americans can learn from their mistakes. As opponents of the nuclear deal, especially in the United States, have had three years to see, the maximum pressure policy brings results that are opposite to what was expected,”* Mikhail Ulyanov was quoted as saying by the ‘Sputnik’ media outlet, adding *“If we agree to restore the nuclear deal, main US sanctions could be lifted as early as August. Iran will be able to trade oil and not just that. As a result, its treasury will start getting large top-ups.”*

#### **Trading Volume In Murban Oil Futures Hits New Record.**

According to ICE Exchange Inc, a record 20,124 Murban crude oil futures were traded on the IFAD exchange in Abu Dhabi on July 6<sup>th</sup> 2021, the highest volume reported since the contracts were launched at the end of March. *“The growing volumes and open interest in Murban futures are building the depth of liquidity on ICE Futures Abu Dhabi as the market uses Murban futures to hedge forward price risk and contribute to the price formation process of Murban crude oil,”* the President of ICE Futures Abu Dhabi, Jamal Oulhadj, was quoted as saying by the ‘Khaleej Times’ newspaper yesterday.

#### **Angola Offers Up Stake In New Refinery.**

The Angolan government has announced that it will offer local and foreign investors, the opportunity to bid for a 70% stake in its new Lobito oil refinery which once completed will be able to handle up to 200,000 bpd. The tender is open until November 2021 according to the ‘All Africa’ news site. The remaining 30% stake will be held by state-owned Sonangol.

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### **South African Army Mobilized To Quell Riots & Looting.**

Protests, initially triggered by the jailing of South Africa's former President Jacob Zuma, have degenerated into criminal looting and arson in a number of areas of the country since Sunday, with Kwa-Zulu Natal and Gauteng the provinces worst affected. Thousands of rioters have ransacked and burnt down shops, factories and trucks in both Durban and Johannesburg over the past few days, whilst even ambulances have reportedly been stoned as the country witnesses some of the worst violence in decades. Zuma had been sentenced to 15 months imprisonment for contempt of court, with this charge stemming from his continued refusal to appear at the Zondo anti-corruption commission in order to answer questions on various serious allegations, including bribery and fraud. South Africa's current President Cyril Ramaphosa ordered the army to deploy some of its forces on Monday, in order to support the police in trying to quell this recent surge of unrest and criminality. *"We will not hesitate to arrest and prosecute those who perpetrate these actions and ensure they face the full might of the law. It is this rule of law that enables our society to function and our economy to develop in the interests of the people of South Africa. What we are witnessing now are opportunistic acts of criminality,"* Ramaphosa stated yesterday, adding that, *"We will soon be facing a huge risk of food insecurity and medication insecurity in a few weeks. Our vaccination program has been severely disrupted just as it is gaining momentum."* These events also pressured the local currency which lost almost 2.00% of its value against the US dollar at one stage yesterday.

### **EU Prepares To Sanction Lebanese Politicians.**

The European Union has formally agreed to sanction Lebanese politicians, due to their failure in forming a new government which in turn has exacerbated the country's ongoing socio-economic crises. *"Lebanon has been in self-destruct mode for several months. Now there is a major emergency situation for a population that is in distress,"* the French Foreign Minister, Jean-Yves Le Drian, was quoted as saying by 'France-24' yesterday. Meanwhile, the EU's Foreign Policy Chief, Josep Borrell, claimed that the legal framework for these targeted sanctions is expected to be completed by the end of this month. The impending penalties are expected to include travel bans and asset freezes. You can read more details on this announcement [here](#).

### **Saudi Arabia Caps Domestic Fuel Prices.**

Saudi Arabia has implemented a cap on petrol prices this month, in an attempt to support rising economic activity and ease pressures on the overall cost of living. This decision *"stems from the leadership's keenness to reduce the living burdens of citizens and residents, its continuous pursuit to achieve the public interest, and support local economic activity,"* an official statement read, according to the 'Arab News' site. Prices per litre are now capped at SAR 2.18 for 91 octane petrol and SAR 2.33 for 95 octane.

### **ECOWAS Issues Warning Over Cryptocurrency Risks.**

A committee, appointed by the regional parliament of the Economic Community of West African States, has issued a warning against the use of cryptocurrencies, stating that digital assets such as Bitcoin were unregulated, volatile and illiquid. Earlier this year the Central Bank of Nigeria banned local financial institutions from processing transactions linked to digital currencies. However, this ban does not appear to have dissuaded individuals from trading in such assets with Nigeria's 'Guardian' newspaper reporting a 50% increase in young Nigerians investing in cryptocurrencies since the restriction was implemented.

### **Dubai's Business Confidence At 7-Year High – Survey.**

According to a recent survey conducted by Dubai's Chamber of Commerce & Industry, around 66% of the business leaders who participated in the survey were expecting a stronger business environment in the Emirate during the third-quarter of this year. This was the most optimistic reading since 2014. *"The findings demonstrate Dubai's success in minimizing the impact of the Covid-19 pandemic through a series of policies, initiatives and measures that have ensured a favourable business environment and addressed new challenges created by the pandemic. Expo 2020 Dubai is expected to fast-track Dubai's economic recovery and boost the emirate's appeal among foreign companies and investors,"* the President of the chamber, Hamad Buamim, was quoted as saying by 'The National' newspaper.

## GE Gas Power Seals BOO Contract In Oman.

GE Gas Power announced yesterday, that it has finalized an agreement with Oman's utilities provider Marafiq, to build, own and operate an 80MW gas-fueled power plant in the Sultanate's special economic zone at Duqm. GE Power will reportedly operate the plant for a minimum of three years, according to 'Zawya'.

## NMDC Wins Dredging Contract In Egypt.

The Abu Dhabi based National Marine Dredging Company, has been awarded a contract for work at the Bardawil Lake project in Egypt, according to the 'Zawya' media outlet.

## 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	-1/+1	-1.25/+0.75	-1.50/+1	-1.50/+2.50	2/7	5/10	40/60
USD/SAR	3.7504/07	6/9	8/13	11/16	20/25	24/34	35/45	95/115
USD/KWD	0.30065/085	13/23	35/45	55/70	120/140	180/210	240/270	370/470
USD/OMR	0.38499/504	10/20	20/30	35/50	75/95	115/145	180/210	330/430
USD/BHD	0.37697/702	25/35	40/60	60/80	105/135	150/180	180/230	250/450
USD/MAD	8.9050/9250	50/120	100/200	125/275	250/550	400/800	600/1500	1800/3800
USD/EGP NDF	15.6951	15.78/15.82	15.91/15.96	16.06/16.11	16.47/16.52	16.87/16.92	17.28/17.33	-
USD/JOD	0.7085/90	50/150	70/270	200/350	400/700	500/900	600/1200	1000/2500
USD/NGN NDF	411.14	417.50/421.50	423.00/428.00	427.50/431.50	441.00/446.00	453.00/458.00	465.00/472.00	(NAFEX)
USD/GHS NDF	5.9300	5.96/6.00	6.00/6.05	6.05/6.10	6.23/6.33	6.42/6.52	6.60/6.75	-
USD/TND	2.8050/8350	80/180	150/350	300/500	600/1600	1000/2000	1500/2500	4000/6000
<b>Crude Oil</b>		<b>Futures</b>						
WTI	74.35							
Brent	75.40							

\*\* (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.

## AND FINALLY...

Did you know that Dubai is home to the largest suspended aquarium in the world? It holds 10 million litres of water and hosts more than 33,000 aquatic animals from over 200 species.

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