

Market Insights & Strategy

Global Markets

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MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

Market Focus On OPEC Meeting As Brent Breaches US\$70.

Brent crude edged above US\$70 a barrel in thin trading overnight following the release of OPEC's Monthly Oil Market Report. This revealed that the organization remains optimistic that accelerating vaccination programs and rising fuel demand will raise global oil demand by 5.95 mio bpd this year despite the ongoing COVID crisis in India and recent jump in cases in other Asian economies such as Vietnam. Oil prices also got a minor boost by news out late yesterday, that Iran has been accused of still not providing a proper explanation for the discovery of uranium particles at sites visited by IAEA inspectors some time ago, an issue that may hinder progress at the JCPOA talks (we discuss this subject further below). Meanwhile, OPEC's Joint Ministerial Monitoring Committee meeting is due to take place later today, and whilst the general expectation is that signatories to the OPEC+ output accord will continue to stick to their original plan of reintroducing another 840,000 bpd of crude supply into the market in July, there is always the off chance of a surprise announcement.

Fuel Prices In India Hit Record High.

The retail price of gasoline in Mumbai hit a new high of INR 100.40 per litre this week, which equals US\$1.39 compared to New York's US\$0.79 per litre, according to data provided by 'Bloomberg'. Government levies now make up around 60% of the retail price with federal taxes imposed on both gasoline and diesel. Meanwhile India's ongoing wave of Covid-19 infections has hit business confidence with the FICCI Index dropping to 51.5 from its previous level of 74.2.

Total Undergoes Rebranding In Focus On Renewables.

The French oil and gas major, Total, is to be rebranded as Total Energies as the company prioritizes its focus on renewables. The firm's recent

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purchase of a 20% stake in Hysetco (a hydrogen mobility developer), and acquisition of a 23% interest in Yunlin Holding GmbH, (which owns an offshore wind farm in Taiwan), highlights this switch. It also suggests that capital expenditure by major companies into new conventional oil projects is set to continue to decline, and that in turn may lead to a crude supply crunch in the not too-distant future.

JCPOA Talks Continue But 'Key Issues Remain' – Iran Foreign Ministry.

A spokesperson for Iran's Foreign Ministry claimed yesterday, that significant progress had been made in the ongoing talks on a possible return to the JCPOA agreement, but again cautioned that hurdles remained. *"Each round of talks in Vienna could have been the final round. We should not rush. We have made significant progress but key issues remain,"* Saeed Khatibzadeh was quoted as saying, although adding that there was no stalemate yet. Meanwhile, Iran has not renewed its nuclear inspection agreement with the IAEA, but says it will continue to collect the required data for one more month. This decision follows an IAEA report released yesterday, which accused Tehran of not providing an explanation for the discovery of uranium particles at a number of sites visited previously by the nuclear watchdog's inspectors. *"After many months, Iran has not provided the necessary explanation for the presence of the nuclear material particles at any of the three locations where the Agency has conducted complementary accesses,"* the IAEA report stated according to Reuters, adding that *"the Director General is concerned that the technical discussions between the Agency and Iran have not yielded the expected results. The lack of progress in clarifying the Agency's questions concerning the correctness and completeness of Iran's safeguards declarations seriously affects the ability of the Agency to provide assurance of the peaceful nature of Iran's nuclear program."* It now remains to be seen if the western powers will push for an official resolution criticizing Iran on this issue, which in turn might hinder further progress in the JCPOA negotiations. In separate news, the head of Iran's Central Bank, Abdonasser Hemmati, has been removed from his post after he decided to run as a candidate in the forthcoming Presidential elections, according to 'AP News'. A statement on the subject was issued via state-television, which announced that his candidature, *"prevents him from having a sufficient presence in the central bank and carrying out the serious duties and responsibilities of the CBI chief in the sensitive areas of money and currency."* Hemmati will apparently be replaced by his deputy, Akbar Komijani.

Israeli Opposition Parties Look Set To Oust Netanyahu.

Benjamin Netanyahu has been Prime Minister of Israel for a record 12 years, but it appears he may soon be forced to relinquish the role, after the ultra-nationalist leader Naftali Bennett announced that his party had agreed to enter talks with the centrist party head, Yair Lapid, in order to form a unity government. But Lapid must also still draw support from other parties, including the United Arab List in order for him to be able to reach a 61-seat majority in the 120-seat parliament. His time to do this is short, as Lapid needs to finalize it all by midnight on Wednesday this week or the country will likely be heading for its fifth round of elections in the space of just over two years. *"The government of change we are trying to form isn't a compromise. It's a goal, it is the thing that Israel needs today like we need air to breathe. We need a government where right, left and centre work together as a way of life,"* Lapid was quoted as saying by the 'Guardian' newspaper last week. Should he succeed, Lapid and Benett have reportedly agreed to alternate as Prime Minister, with the latter serving in the top position first.

Egypt Lifts COVID-19 Restrictions.

The Egyptian authorities have lifted their recent round of COVID-19 restrictions, and thus normal working hours will resume from today. Since the 6th of May, shops, malls, cinemas, cafes and restaurants had to close by 9pm each day. The health ministry will also continue to focus on ramping up vaccinations across the country, with the cabinet announcing this past weekend, that all hotel workers in the Southern Sinai and Red Sea provinces had now received their required doses, whilst the plan to vaccinate residents in the resort towns of Hurghada and Sharm El Sheik, is ongoing. This as part of a broader plan to get Egypt's important tourism sector back on its feet as soon as possible.

Oman To Introduce New Levy On Expat Workers.

Oman's Ministry of Labour announced recently, that a levy will be introduced on expatriate work permits from the beginning of this month. *"The Ministry of Labour announces through the Ministerial Decision No. (2021/12) that the new fees for work permits for non-Omani workforces for upper and intermediate occupations and technical and specialized professions, as well as for new work permits and fees for new businesses, will be in force starting from June 1, 2021. This decision will include new applications and previously submitted requests*

in the event that the employers have not initiated the fee payment due before the date of implementation of this decision," a Ministry statement read, according to the 'Khaleej Times' newspaper, and added that this decision was taken "in order to provide job opportunities for citizens in the private sector in the upper and intermediate occupations and in the technical and specialized professions, with the framework."

Lebanese Airline's Ticket Prices To Be Set Via New Benchmark.

Lebanon's national airline has announced that from the beginning of this month, air tickets can only be purchased locally using 'fresh' dollars or their equivalent based on the Central Bank's new 'Sayrafa' exchange rate, which is much closer to the rate being used in the unofficial 'kerb' market. The chairman of Middle East Airlines said that this move was essential in order to ensure the financial wellbeing of the carrier. "If we don't take this measure the company will be hit financially," Mohamad El Hout was quoted as saying by Reuters. You can read more on this pricing change [here](#).

Saudi Arabian Food Chain To Expand Into Nigeria.

Saudi Arabia's largest fast-food chain, the Herfy Food Services Company, has reportedly signed an agreement granting it franchise rights to open up to 50 outlets in Nigeria. "This agreement comes as a continuation to Herfy's approach to becoming international, which is one of the pillars of the 2030 Vision announced by HRH The Crown Prince, Mohammed bin Salman, as the company is looking forward and working on being present in the Far East, GCC countries, and Africa," a company statement read, according to the 'Arab News' site.

Technip Wins Major Contract In Kuwait.

France based Technip Energies, has been awarded a six-year contract to provide engineering and management services for a number of projects at the Al-Zour petrochemical complex in southern Kuwait, according to the 'Oil Review Middle East' website.

FX/RATES & CRUDE MARKETS:

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Currency	Spot	1M	2M	3M	6M	9M	12M	2Y
USD/AED	3.67295/305	Par/+2	Par/+2	1/4	2/7	4/9	8/13	45/65
USD/SAR	3.7503/05	7/10	9/14	12/17	17/22	23/28	31/36	90/120
USD/KWD	0.30070/90	20/30	47/57	65/80	130/160	200/230	265/295	425/525
USD/OMR	0.38497/502	7/17	15/30	30/50	70/90	114/145	170/200	400/500
USD/BHD	0.37695/700	27/37	50/65	70/85	115/145	160/190	190/240	250/450
USD/MAD	8.8150/8250	50/120	100/200	125/275	250/550	400/800	600/1500	1800/3800
USD/EGP NDF	15.6750	15.77/15.82	15.89/15.94	16.04/16.09	16.44/16.49	16.85/16.90	17.24/17.29	-
USD/JOD	0.7085/95	50/150	70/270	200/350	400/700	500/900	600/1200	1000/2500
USD/NGN NDF	411.25	414.00/417.00	417.50/421.50	421.50/425.50	431.50/436.50	443.50/448.50	454.00/461.00	(NAFEX)
USD/GHS NDF	5.7800	5.80/5.85	5.84/5.89	5.91/5.96	6.07/6.17	6.28/6.38	6.48/6.63	-
USD/TND	2.7250/7450	80/180	150/350	300/500	600/1600	1000/2000	1500/2500	4000/6000
Crude Oil	Futures							
WTI	67.75							
Brent	70.25							

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

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+20/26	+25/31	+28/34	+31/37	+34/40	+36/42	+37/43	+47/53
SAR SPREAD	+65/71	+70/76	+75/81	+81/87	+86/92	+91/97	+97/103	+113/119

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

AND FINALLY...

Did you know that Abu Dhabi has been ranked the world's safest city for the fifth year in a row, according to the latest survey conducted by data crowd-sourcing website Numbeo?

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