

Market Insights & Strategy

Global Markets

8th June 2021

MIDDLE EAST & AFRICAN MONITOR

- **OPEC Retains Its Competitive Edge Over The US Oil Sector.**
- **North Sea Oil Stock Rise Raises Questions Over Demand.**
- **FBI Seizes Bitcoin Tokens Following Cyberattack On Oil Pipeline.**
- **'Unclear If Iran Is Ready To Return To JCPOA' – Blinken.**
- **France Opens Probe Into Lebanon's CB Governor.**
- **Nigeria Instructs Broadcasters To Stop Using Twitter.**
- **Zambia Suspends Election Rallies Due To COVID-19 Surge.**
- **UK Foreign Secretary Visits Saudi Arabia.**
- **Mitsubishi Seals LTSA Contracts In Egypt.**
- **EGIS & SSH Win Road Contract In Kuwait.**

REGIONAL COMMENTARY

OPEC Retains Its Competitive Edge Over The US Oil Sector.

With US drillers continuing to focus on managing their cash flows and not increasing their debt load, despite WTI hitting its highest level since 2018, the number of shale oil rigs remains well below the level recorded before the COVID-19 pandemic hit. This has meant that overall US oil production is still hovering around 11 mio bpd, helping OPEC to maintain its significant edge in the market. This fact was highlighted by the head of Vitol for Asia, Mike Muller, who was quoted by Bloomberg stating recently that, "*There's a perception in the market that control is with OPEC+. It will take a long time for US oil to come back to production levels seen before the coronavirus outbreak*". The number of active US shale oil rigs has admittedly rebounded since last year's low, but still only totaled 359 last week compared to 670 in January 2020. Meanwhile, Muller also suggested that traders had probably already priced-in the potential return of Iranian oil supplies, with S&P Platts quoting him as saying last week that "*Of course there is a lot of spare capacity left in OPEC, but if managed prudently, I think there is space for oil from Iran to return because it won't come back in one big bang. Even if it was happening right now today, probably you won't see a huge amount of Iranian oil before the month of July because everyone has bought enough oil for June already.*"

North Sea Oil Stock Rise Raises Questions Over Demand.

According to a Bloomberg analysis of shipping data, around six million barrels of North Sea crude has been sitting in tankers in the area for a few weeks now. This oil blend is normally destined for Asia and the report suggests that this build-up in floating stocks may be a sign that demand is slowing. In addition to this, bidding for North Sea grades has apparently dropped sharply since trading in the July contract began last week. You can access the report [here](#).

Glenn Wepener

Executive Director & Geopolitical Analyst,
Middle East & Africa

Please click [here](#) to view our recent publications on MENA and Global Markets

Your attention is drawn to the Important Notice on the final page of this communication

FBI Seizes Bitcoin Tokens Following Cyberattack On Oil Pipeline.

The US Department of Justice announced overnight, that the FBI had managed to recover most of the Bitcoin ransom paid to an affiliate of the 'DarkSide' hacker group, who were behind last month's cyberattack on the Colonial oil pipeline. The fact that the FBI were able to recapture the tokens counters another one of the major arguments made by cryptocurrency promoters, that they are free from government intervention. It also highlights again the growing use of digital tokens by criminal groups. The news triggered a further sell-off in digital currencies with Bitcoin down 5% at the time of writing. The cyberattack on one of America's primary pipelines for gasoline and refined products, prevented it from delivering over 100 million gallons per day of fuels for nearly a week. *"Today, we have turned the tables on DarkSide. Ransomware attacks are always unacceptable, but when they target critical infrastructure, we will spare no effort in our response,"* the Deputy US Attorney-General Lisa Monaco was quoted as saying by Market Watch.

'Unclear If Iran Is Ready To Return To JCPOA' – Blinken.

The US Secretary of State, Anthony Blinken, suggested yesterday that it was still not clear if Iran was prepared to return to the conditions of the JCPOA and warned that its nuclear program's ongoing breaches could reduce Iran's breakout time to manufacture an atomic weapon sharply. *"It remains unclear whether Iran is willing and prepared to do what it needs to do to come back into compliance. Meanwhile, its program is galloping forward. The longer this goes on, the more the breakout time gets down, it is now down, by public reports, to a few months at best. And if this continues, it will get down to a matter of weeks. Exactly what we sought to avoid and what the agreement stopped,"* Blinken was quoted as saying during a session with the House of Representatives Foreign Affairs committee yesterday. You can read more on his comments [here](#). The next round of indirect talks between the US and Iran is due to begin this Thursday.

France Opens Probe Into Lebanon's CB Governor.

French prosecutors have opened a preliminary investigation into money laundering allegations made against Lebanon's Central Bank governor, Riad Salameh, the Agence France-Presse claimed in an article published this past weekend. In response Salameh's lawyer has dismissed the allegations as a politically motivated "communications operation" according to a statement posted by Reuters. You can access more details on this story [here](#). Meanwhile, the Lebanese President Michel Aoun has reportedly approved an exceptional loan of up to LBP 300 bio for Electricite du Liban so that the state-run power provider can import more fuel before its supplies run out. *"President Aoun agreed to issue an exceptional approval to give the Electricite du Liban a treasury advance to purchase fuel, and thus the electricity crisis will ease,"* a statement issued by the President's office read, according to the RT News site.

Nigeria Instructs Broadcasters To Stop Using Twitter.

Nigeria's National Broadcasting Commission has ordered all local radio and TV stations to deactivate their twitter accounts according to a Bloomberg report. This comes after the government announced last Friday, that it was suspending Twitter's operations in the West African country, which in turn came soon after the social media giant's removal of a tweet by President Muhammadu Buhari for allegedly breaching the site's rules. A government spokesperson has claimed that the Tweet's deletion was "disappointing" but not the main reason for the platform's suspension. *"There has been a litany of problems with the social media platform in Nigeria, where misinformation and fake news spread through it have had real world violent consequences,"* the spokesperson was quoted as saying by the BBC.

Zambia Suspends Election Rallies Due To COVID-19 Surge.

Zambia's electoral commission has issued a ban on mass political rallies due to a surge in the number of Covid-19 cases in the country. Presidential elections are scheduled to take place in August, and although 19 candidates have registered to take part in the poll, the main opposition candidate Hakainde Hichilema, is seen as the only real challenger to the incumbent Edgar Lungu.

UK Foreign Secretary Visits Saudi Arabia.

The UK's Foreign Secretary, Dominic Raab, met with Saudi Arabia's Crown Prince yesterday during which he underlined the two country's strong relations. *"Saudi Arabia is a long-standing partner and close friend of the UK, playing a pivotal role in regional stability. The UK reaffirms our commitment to tackling our shared security challenges, including Iranian threats and the continued conflict in Yemen,"* a Foreign Office statement quoted Raab as saying.

Mitsubishi Seals LTSA Contracts In Egypt.

Japan's Mitsubishi Power has signed three 16-year long-term service agreements, covering a total of six M701F gas turbines, at the Sidi Krir Power Station, the El Atf Power Station, and the Cairo North GTCC plants in Egypt, according to the MEP Middle East website.

EGIS & SSH Win Road Contract In Kuwait.

A joint-venture between EGIS and SSH International, has recently been awarded a major road contract with the Ministry of Public Works of Kuwait according to the Global Construction Review website.

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	3.6729/30	-0.5/+1.5	-0.5/+2.5	Par/+3	1/6	2/7	7/12	45/65
USD/SAR	3.7503/05	6/9	8/13	10/13	15/20	23/28	30/35	90/120
USD/KWD	0.30077/097	20/30	42/52	65/80	130/160	200/230	265/295	400/500
USD/OMR	0.38497/502	7/17	15/30	30/50	70/90	110/140	150/180	385/485
USD/BHD	0.37692/697	20/30	40/55	55/70	100/130	150/180	170/220	250/450
USD/MAD	8.8050/8250	50/120	100/200	125/275	250/550	400/800	600/1500	1800/3800
USD/EGP NDF	15.6900	15.78/15.83	15.90/15.95	16.04/16.09	16.43/16.48	16.83/16.88	17.24/17.29	-
USD/JOD	0.7090/97	50/150	70/270	200/350	400/700	500/900	600/1200	1000/2500
USD/NGN NDF	410.93	414.00/417.00	417.00/421.00	421.50/425.50	432.50/437.50	443.50/448.50	454.00/461.00	(NAFEX)
USD/GHS NDF	5.8050	5.81/5.85	5.86/5.92	5.92/5.97	6.07/6.17	6.27/6.37	6.48/6.62	-
USD/TND	2.7300/7500	80/180	150/350	300/500	600/1600	1000/2000	1500/2500	4000/6000
Crude Oil	Futures							
WTI	68.80							
Brent	71.00							

**** (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	+24/30	+28/34	+31/37	+34/40	+36/42	+37/43	+47/53
SAR SPREAD	+65/71	+71/77	+77/83	+83/89	+87/93	+94/100	+101/107	+116/122

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

AND FINALLY...

The traditional name for the Victoria Falls is 'Mosi-oa-Tunya' which means the 'Smoke that Thunders'.

Glenn Wepener
Executive Director

Market Insights & Strategy

FAB Global Markets

Email: Marketinsights&strategy@bankfab.com

Please click [here](#) to view our recent publications on MENA and Global Markets

Important Notice: This communication has been prepared by individual personnel of First Abu Dhabi Bank PJSC or its affiliates (collectively, "FAB") and, accordingly, it may not represent the views of FAB. FAB is licensed and regulated by the Central Bank of the United Arab Emirates and its registered office address is P.O. Box 6316, 1 – Al Qurm, Abu Dhabi, the United Arab Emirates. This communication is directed at persons (i) who have been or can be classified by FAB as eligible counterparties, professional clients or sophisticated investors, (ii) who have experience in matters relating to investments and (iii) other persons to whom it may otherwise lawfully be communicated. No other person should review the contents or access the products or transactions discussed in this communication. All material contained herein, including any proposed terms and conditions, is indicative and for discussion purposes only, is subject to change without notice, is strictly confidential, may not be reproduced and is intended for your consideration only. It does not include a number of terms and conditions that will be included in any actual transaction and final terms and conditions are subject to further discussion and negotiation nor does it purport to identify all applicable risks. This communication is not a commitment to deal in any product, offer financing or enter into any transaction described herein. FAB is not acting as your agent, fiduciary or investment adviser and is not managing your account. The provision of information in this communication is not based on your individual circumstances and must not be relied upon as an assessment of suitability for you of a particular product or transaction. It does not constitute investment advice and FAB makes no recommendation as to the

suitability of any of the products or transactions mentioned. Even if FAB possesses information as to your objectives in relation to any transaction, series of transactions or trading strategy, this is not sufficient for, and does not constitute, any assessment of suitability for you of any transaction, series of transactions or trading strategy. Save in those jurisdictions where it is not permissible to make such a statement, FAB hereby informs you that this communication should not be considered as a solicitation or offer to sell or purchase any securities, deal in any product or enter into any transaction. You should make any trading or investment decisions in reliance on your own analysis and judgment and/or that of your independent advisors and not in reliance on FAB and any decision whether or not to adopt any strategy or engage in any transaction will not be FAB's responsibility. FAB does not provide investment, accounting, tax, financial, legal, regulatory or other advice; such matters as well as the suitability of a potential transaction or product or investment should be discussed with your independent advisors. Prior to dealing in any product or entering into any transaction, you and the senior management in your organization should determine, without reliance on FAB, (i) the economic risks or merits, as well as the investment, accounting, tax, financial, legal and regulatory characteristics and consequences of dealing with any product or entering into the transaction (ii) that you are able to assume these risks, (iii) that such product or transaction is appropriate for a person with your experience, investment goals, financial resources or any other relevant circumstance or consideration. Where you are acting as an adviser or agent, you should evaluate this communication in light of the circumstances applicable to your principal and the scope of your authority. Any prices used herein, unless otherwise specified, are indicative. Although all information has been obtained from, and is based upon sources believed to be reliable, it may be incomplete or condensed, it has not been verified by FAB and its accuracy cannot be guaranteed. FAB makes no representation or warranty, expressed or implied, as to the accuracy of the information, the reasonableness of any assumptions used in calculating any illustrative performance information or the accuracy (mathematical or otherwise) or validity of such information. Any opinions attributed to FAB constitute FAB's judgment as of the date of the relevant material and are subject to change without notice. Provision of information may cease at any time without reason or notice being given. Commissions and other costs relating to any dealing in any products or entering into any transactions referred to in this communication may not have been taken into consideration. Any scenario analysis or information generated from a model is for illustrative purposes only. Where the communication contains "forward-looking" information, such information may include, but is not limited to, projections, forecasts or estimates of cashflows, yields or return, scenario analyses and proposed or expected portfolio composition. Any forward-looking information is based upon certain assumptions about future events or conditions and is intended only to illustrate hypothetical results under those assumptions (not all of which are specified herein or can be ascertained at this time). It does not represent actual termination or unwind prices that may be available to you or the actual performance of any products and neither does it present all possible outcomes or describe all factors that may affect the value of any applicable investment or product. Actual events or conditions are unlikely to be consistent with, and may differ significantly from, those assumed. FAB shall not be under an obligation to update any information contained in this communication. Illustrative performance results may be based on mathematical models that calculate those results by using inputs that are based on assumptions about a variety of future conditions and events and not all relevant events or conditions may have been considered in developing such assumptions. Accordingly, actual results may vary and the variations may be substantial. The products or transactions identified in any of the illustrative calculations presented herein may therefore not perform as described and actual performance may differ, and may differ substantially, from those illustrated in this communication. When evaluating any forward looking information you should understand the assumptions used and, together with your independent advisors, consider whether they are appropriate for your purposes. You should also note that the models used in any analysis may be proprietary, making the results difficult or impossible for any third party to reproduce. This communication is not intended to predict any future events. Past performance is not indicative of future performance. FAB accepts no responsibility and makes no representation to you or to any third parties for, and has not independently verified, the quality, accuracy, timeliness, continued availability or completeness of any data or calculations contained and/or referred to in this communication and FAB shall not be liable for any special, direct, indirect, incidental or consequential loss or damage which may be sustained because of the use of the information contained and/or referred to in this communication or otherwise arising in connection with the information contained and/or referred to in this communication, provided that this exclusion of liability shall not exclude or limit any liability under any law or regulation applicable to FAB that may not be excluded or restricted. The transactions and any products described herein may be subject to fluctuations of their mark-to-market price or value and such fluctuations may, depending on the type of product or security and the financial environment, be substantial. Where a product or transaction provides for payments linked to or derived from prices or yields of, without limitation, one or more securities, other instruments, indices, rates, assets or foreign currencies, such provisions may result in negative fluctuations in the value of and amounts payable with respect to such product prior to or at redemption. You should consider the implications of such fluctuations with your independent advisors. The products or transactions referred to in this communication may be subject to the risk of loss of some or all of your investment, for instance (and the examples set out below are not exhaustive), as a result of fluctuations in price or value of the product or transaction or a lack of liquidity in the market or the risk that your counterparty or any guarantor fails to perform its obligations or, if this the product or transaction is linked to the credit of one or more entities, any change to the creditworthiness of the credit of any of those entities. FAB (whether through the individual sales and/trading personnel involved in the preparation or issuance of this communication or otherwise) may from time to time

have long or short principal positions and/or actively trade, for its own account and those of its customers, by making markets to its clients, in products identical to or economically related to the products or transactions referred to in this communication. FAB may also undertake hedging transactions related to the initiation or termination of a product or transaction, that may adversely affect the market price, rate, index or other market factor(s) underlying the product or transaction and consequently its value. FAB may have an investment banking or other commercial relationship with and access to information from the issuer(s) of securities, products, or other interests underlying a product or transaction. FAB may also have potential conflicts of interest due to the present or future relationships between FAB and any asset underlying the product or transaction, any collateral manager, any reference obligations or any reference entity. Any decision to purchase any product or enter into any transaction referred to in this communication should be based upon the information contained in any associated offering document if one is available (including any risk factors or investment considerations mentioned therein) and/or the terms of any agreement. Any securities which are the subject of this communication have not been and will not be registered under the United States Securities Act of 1933 as amended (the Securities Act) or any United States securities law, and may not be offered or sold within the United States or to, or for the account or benefit of, any US person, except pursuant to an exemption from, or in a product or transaction, not subject to, the registration requirements of the Securities Act. This communication is not intended for distribution to, or to be used by, any person or entity in any jurisdiction or country which distribution or use would be contrary to law or regulation. FAB may process your personal data to provide you with information or promotional and advertising communications on products, services, other events and campaigns.

If you wish not to receive email from the Market Insights team at FAB, please click [here](#) to send us your request to unsubscribe, and you shall no longer receive such information. You can also let us know by contacting your usual FAB representative should you wish to no longer receive any such further information. You may be entitled according to the applicable laws to exercise your rights to access, to rectification, to erasure and to portability of your personal data, to restrict the use of and to object to the processing of your personal data. You may exercise any such aforesaid rights by sending your request to FAB at the following address: privacy@bankfab.com.