

Market Insights & Strategy

Global Markets

14th June 2021

MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

IEA Calls On OPEC To Increase Output.

In May 2021 the IEA published a report which suggested, than in order to help the world achieve net-zero carbon emissions by 2050, fresh investment in conventional oil and gas projects must be halted. However in this month's publication, the IEA said that the global demand for crude may surpass pre-pandemic levels by late next year and as such called on signatories to the OPEC+ output cut accord to start opening their taps. *"Our first detailed look at 2022 balances confirms earlier expectations that OPEC+ needs to open the taps to keep the world oil markets adequately supplied. Global oil demand will continue to recover and, in the absence of further policy changes, by end-2022 reach 100.6 mio bpd. Non-OPEC+ production is also set to rise, but gains are nowhere near the levels needed to prevent further stock draws. In April, OECD total industry stocks fell 61.3 mio below their 2016-2020 average. The pace at which the OPEC+ cuts can be unwound will depend not only on the success in containing the spread of the virus and demand growth but also the timing of the eventual return of Iranian barrels to the market,"* the latest IEA report read. You can access it in full [here](#).

Shell Ponders Sale Of Stake In Major US Oil Field.

According to a recent 'Reuters' article, Royal Dutch Shell is considering offloading its stake in the largest oil field in the US, as the company prepares to concentrate more on its most profitable oil-and-gas assets and expanding its low carbon businesses. Shell's holdings within the Permian basin could be worth as much as US\$10 bio according to 'CNBC'. This latest story follows Shell's decision to offload its Mobile refinery in Alabama to the specialty refiner Vertex Energy two weeks ago.

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Iran Returns To UN General Assembly After US Unfreezes Payment.

Iran has regained its ability to vote at the UN General Assembly after it paid US\$16 mio towards partially settling its membership arrears. An 'AFP' report quoted an unnamed UN official as saying that the funds were wired from Iranian bank account based in South Korea, whose transactions had been blocked by US sanctions. Negotiations between the UN, Iran, South Korea and the US over the past six months reportedly led to this specific payment being approved for release. *"Iran has paid the minimum amount due,"* a UN spokesman announced last week, which in turn allowed Tehran's UN representative to vote at the assembly meeting on Friday. Iran reportedly still owes a further US\$49 mio in unpaid UN membership dues. You can access more details on this story [here](#). Meanwhile the sixth round of indirect talks between the US and Iran began this past weekend, with the German Foreign Minister, Heiko Maas, calling on all sides to be pragmatic in order for an agreement to be found. *"It is about flexibility and pragmatism from all participating parties. Playing for time is in no one's interest,"* Maas was quoted as saying by 'Reuters'.

Ethiopian Dam Dispute Remains Unresolved.

Sudan and Egypt's ongoing dispute with Ethiopia over the latter's 'Grand Renaissance Dam' still remains unresolved. The Egyptian government recently sent a letter to the UN Security Council spelling out Cairo's position after a series of unsuccessful negotiations with Addis Ababa over the dam, and has also called for a meeting of Arab Foreign Ministers to discuss the ongoing dispute. *"We hope that a breakthrough will be reached in the negotiations, but this depends on the Ethiopian political administration, and we affirm that the downstream countries will not compromise or give up their rights, in the event of serious damage occurring when filling and operating the Renaissance Dam,"* the Egyptian Foreign Minister, Sameh Shoukry, was quoted as saying by 'Arab News' this past weekend.

Lebanese Pound Hits Fresh Lows.

The Lebanese Pound reportedly hit a record low of LBP 15,150 per US Dollar in the unofficial 'kerb' market yesterday. The country's economic situation continues to worsen and there is still no progress on the political front towards establishing a new government prepared to implement much needed reforms and open the doors for international financial support. According to the World Bank almost 55% of Lebanon's total population are now living below the poverty line.

France To Provide EUR 1.8 Bio In Financial Support To Egypt.

The French government agreed yesterday to provide up to EUR 1.8 bio in loans for public transport and renewable energy projects in Egypt. *"Egypt has become a strategic economic partner of France. It is the top country in terms of loans from the Treasury,"* the French Finance Minister, Bruno Le Maire, was quoted as saying on Sunday by the 'France-24' media outlet. The first tranche of EUR 800 mio will reportedly be used to finance the supply of 55 underground trains for Cairo's Metro system by Alstom.

World Bank Approves US\$750 Mio Loan For Kenya.

The World Bank has agreed to provide Kenya with a US\$750 mio loan in order to support and upgrade certain key sectors there, including healthcare, education and energy. *"To reinforce Kenya's resilient, inclusive and green economic recovery from the COVID-19 crisis, the World Bank approved \$750 million in development policy financing to support policy reforms that will strengthen transparency and accountability in public procurement and promote efficient public investment spending,"* a statement issued by the international lender read.

Bahrain Suspends Work Permit Issuance For Certain 'Red List' Countries.

Bahrain's Labour Market Authority has suspended the issuance of work permits to applicants from COVID-19 red list countries in response to a recent jump in the number of coronavirus cases in the Kingdom. *"For the time being, individuals who are in India, Pakistan, Sri Lanka, Bangladesh, and Nepal are not able to gain work permits in Bahrain. The decision was put in place on May 24th, and we are still unsure of when it will be lifted,"* a spokesperson for the authority was quoted as saying yesterday by 'The National' newspaper. Bahrain has also extended its lockdown measures for a further two weeks.

Elsewedy Electric Eyes Further Opportunities In Angola.

The CEO of Egypt's Elsewedy Electric Group, has said that his company is looking at new opportunities in Angola, including the establishment of manufacturing facilities there. *"We built power plants in Angola and we*

contemplate launching manufacturing units there to make benefit from its location on the Atlantic Ocean,” Ahmed El Sewedy, was quoted as saying by the ‘Egypt Today’ news site this past weekend.

CSCEC Wins Airport Contract In Iraq.

A Chinese construction firm has reportedly won the contract to build a civilian airport in the capital of Iraq’s Dhi Qar province. According to the CAPA website the firm awarded the Nasiriyah airport contract was the China State Construction Engineering Corporation.

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	-0.5/+1	-0.5/+2	Par/+3	1/6	2/7	6/11	45/65
USD/SAR	3.7501/04	5/8	8/13	9/14	14/19	21/26	26/31	90/110
USD/KWD	0.30085/095	20/30	43/53	65/80	130/160	200/230	260/290	400/500
USD/OMR	0.38498/503	4/14	12/22	20/40	60/80	90/120	130/160	300/400
USD/BHD	0.37695/700	20/30	40/55	55/70	95/125	140/170	170/220	225/425
USD/MAD	8.8000/8200	50/120	100/200	125/275	250/550	400/800	600/1500	1800/3800
USD/EGP NDF	15.6500	15.74/15.79	15.86/15.91	16.00/16.05	16.39/16.44	16.78/16.83	17.19/17.24	-
USD/JOD	0.7083/93	50/150	70/270	200/350	400/700	500/900	600/1200	1000/2500
USD/NGN NDF	410.63	413.00/416.00	416.50/420.50	420.00/425.00	431.00/436.00	442.50/447.50	454.50/461.50	(NAFEX)
USD/GHS NDF	5.8000	5.80/5.85	5.83/5.88	5.88/5.93	6.01/6.11	6.22/6.32	6.24/6.54	-
USD/TND	2.7525/7725	80/180	150/350	300/500	600/1600	1000/2000	1500/2500	4000/6000
Crude Oil	Futures							
WTI	71.65							
Brent	73.60							

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

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+18/24	+24/30	+28/34	+31/37	+34/40	+36/42	+37/43	+47/53
SAR SPREAD	+65/71	+71/77	+76/82	+81/87	+85/91	+92/98	+99/105	+115/121

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

AND FINALLY...

Did you know that Russia has the world’s largest reserves of natural gas?

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