

# Market Insights & Strategy

Global Markets

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### REGIONAL COMMENTARY

#### **Crude Prices Remain Firm As Nuclear Talks Drag On.**

Both WTI and Brent have retained last week's firm tone, supported by ongoing summer-related demand in the northern hemisphere and the lack of any major breakthrough yet in the ongoing indirect nuclear talks between Iran and the US. This latter situation was highlighted in comments made yesterday by an EU official, Enrique Mora, who chaired the recent sixth round of negotiations and who was quoted by 'CNBC' as saying that; *"We are closer to a deal, but we are not still there. We have made progress on a number of technical issues, we have now more clarity on technical documents, all of them quite complex, and that clarity allows us to have also a great idea of what the political problems are."* Meanwhile, Russia's representative echoed Mora's comments, stating that; *"There are a few controversial points which require political decisions. Apparently diplomatic efforts to find common language have been almost fully exhausted. So the time has come for political decisions."*

#### **China Implements New Petroleum Tax.**

On the 12<sup>th</sup> of June this year, China implemented a new consumption tax on mixed aromatics, light cycle oil and bitumen blend. The first two are refinery by-products used for blending into diesel and gasoline which in turn had been attractive to importers as they avoided the usual petroleum taxes. However this loophole was also reportedly costing the Chinese Treasury around US\$15 bio in lost revenues per annum. It's still not clear what impact this tax change will have on the country's overall oil imports, but it is certainly likely to squeeze the already tight profit margins for independent refiners both in China and elsewhere in Asia.

#### **Oil-related Theft & Sabotage Cost Nigeria US\$2.7 Bio In 2019.**

Nigeria lost an estimated US\$2.78 bio due to oil theft and pipeline sabotage in 2019 according to an audit of the energy sector conducted by the Nigerian Extractive Industries Transparency Initiative. This was however, a 21% reduction on the losses incurred via similar causes in 2018.

### **New Israeli PM Calls On Major Powers To ‘Wake-up’ Over Iran Nuclear Threat.**

Israel’s newly appointed Prime Minister, Naftali Bennett, has again warned against a revival of the JCPOA nuclear agreement with Tehran, claiming that this past weekend’s election of Ebrahim Raisi as Iran’s new President was “*the last chance for the world powers to wake up before returning to the nuclear agreement and to understand who they’re doing business with.*” He made these comments during his first cabinet meeting yesterday, according to the ‘AP News’ network and you can access their report [here](#). Meanwhile, the US National Security Advisor, Jake Sullivan, suggested on Sunday that the outcome of Iran’s Presidential election was unlikely to effect the ongoing nuclear talks, because it was the Supreme Leader who made the final decision about re-entering the deal not the country’s President. “*The person who makes the decision about whether Iran will go back into the Iran nuclear deal, will assume its nuclear obligations under international law, is not the President of Iran, it is the Supreme Leader of Iran, and that person did not change from before the election,*” Sullivan was quoted as saying by ‘CNN’ yesterday.

### **Saudi Arabia Extends Industrial License Terms.**

Saudi Arabia’s Ministry of Industry and Mineral Resources has announced, that the current three-year term on industrial licenses has been extended to five years This decision will apply to applications for new licenses or license renewals, as long as they fulfill the regulatory requirements according to a report in the ‘Saudi Gazette’ newspaper. In a separate development, the country’s Deputy Minister for Mining Affairs, Khalid al-Mudaifer, has said that the government plans to begin auctioning mining licenses from next year. “*We are planning for two major auctions of licenses next year for commodities including gold, copper and zinc. Going forward, we expect to see an increase in international investment in mining, particularly because demand for minerals around the world is growing fast. According to geological surveys dating back 80 years, the Kingdom has an estimated reserve of untapped mining potential valued at US\$1.3 trillion,*” the minister was quoted as saying by ‘S&P Platts’ late last week, adding that a new mining law, which came into force at the beginning of this year, should help to attract more foreign investors because it treats them using the same terms as local investors.

### **UAE Saw FDI Inflows Rise By 11% In 2020.**

Despite the global impact of COVID-19, the UAE still managed to attract almost US\$20 bio worth of foreign investment last a year, an 11% rise on 2019 according to UNCTAD’s latest ‘World Investment Report’. Globally, FDI flows fell by 33% y/y to US\$1 trillion, with all foreign investment segments experiencing a fall in activity. Looking forward the report said that; “*Global FDI flows are expected to bottom out in 2021 and recover some lost ground with an increase of 10–15%. This would still leave FDI some 25% below the 2019 level and more than 40% below the recent peak in 2016.*” You can access the full UNCTAD report [here](#).

### **Dubai To Increase Focus On Creativity Sector.**

The Dubai government has said that it’s aiming to double the contribution of the creative industries sector towards the Emirate’s GDP from 2.60% last year to 5.00% by 2025 as it implements its creative economy strategy which was unveiled in April 2021. It is also seeking to more than double the number of Dubai-based creative companies from 8,300 in 2020 to 15,000 by 2025, according to the official UAE government’s website. You can read more details about this strategy [here](#).

### **Oman Orders New Lockdown As COVID-19 Infections Jump.**

The Omani authorities have re-imposed a night-time ban on the movement of people and vehicles, and ordered the closure of all public places and commercial activities between the hours of 8pm to 4am daily from Sunday, 20<sup>th</sup> June until further notice, in an attempt to combat a sudden surge in the number of coronavirus infections. You can access more details on this announcement [here](#).

### **Halliburton Seals New Contract In Kuwait.**

Halliburton has been awarded a contract to assist the state-owned Kuwait Oil Company’s digital transformation drive by implementing solutions to maximize operational efficiency and increase production, whilst also leveraging off Halliburton’s cloud-based subscription service for E&P applications. This contract reportedly covers all Kuwaiti fields including West, South and East Kuwait and builds on a previously granted contract for comparable services in North Kuwait, according to the ‘Business Wire’ news site.

## A Sinoma International Subsidiary Wins Housing Contract In Egypt.

A subsidiary of China's Sinoma International, the Chengdu Building Materials Industry Design & Research Institute Company, has reportedly been awarded a US\$440 mio housing contract in Egypt. This contract involves the construction of residential buildings in the Kafra Sheikh housing development within the Nile Delta region, according to the 'MEED' 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	3.67295/305	-0.5/+1	-0.5/+2	Par/+3	1/4	2/7	4/9	45/65
USD/SAR	3.7501/04	6/9	8/13	9/14	14/19	22/27	26/31	85/105
USD/KWD	0.30100/130	20/30	44/54	65/80	130/160	200/230	260/290	400/500
USD/OMR	0.38498/503	4/14	12/22	20/40	52/72	90/120	135/165	320/420
USD/BHD	0.37695/700	20/30	40/55	55/70	100/130	155/185	180/230	230/430
USD/MAD	8.8950/9150	50/120	100/200	125/275	250/550	400/800	600/1500	1800/3800
USD/EGP NDF	15.6600	15.77/15.80	15.90/15.95	16.05/16.10	16.47/16.52	16.89/16.94	17.29/17.34	-
USD/JOD	0.7085/95	50/150	70/270	200/350	400/700	500/900	600/1200	1000/2500
USD/NGN NDF	410.43	415.25/418.25	419.75/424.75	424.00/429.00	436.50/441.50	447.00/452.00	458.50/465.50	(NAFEX)
USD/GHS NDF	5.8200	5.82/5.87	5.86/5.92	5.91/5.96	6.04/6.14	6.24/6.34	6.44/6.60	-
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	71.80							
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	+19/25	+23/29	+27/33	+30/36	+33/39	+36/42	+37/43	+46/52
SAR SPREAD	+67/73	+73/79	+78/84	+83/89	+87/93	+94/100	+100/106	+116/122

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

## AND FINALLY...

*Did you know that copper tubes were first believed to be used by Ancient Egyptians to carry water in, back around 2750 BC?*

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