

Market Insights & Strategy

Global Markets

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MIDDLE EAST & AFRICAN MONITOR

- Oil Markets Await Outcome Of OPEC+ Meeting.
- US Shale Is 'No Longer A Threat To OPEC' – Pioneer CEO.
- ADNOC Lifts Restriction On All Its Crude Oil Grades.
- Iran Says It Will Not Renegotiate The JCPOA Agreement.
- Egypt & Sudan Forge Closer Defence Ties.
- Fresh Rocket Attack On Coalition Troops In Iraq.
- The Lebanese Pound Hits New Lows.
- Changes In KSA Are 'Just The Tip Of The Iceberg' – PIF Governor.
- Shareholders Approve SAMBA & NCB Merger.
- GII Buys Office Tower in France for US\$300 Mio.

REGIONAL COMMENTARY

Oil Markets Await Outcome Of OPEC+ Meeting.

The oil market has pared some of its recent gains as all eyes turn to the OPEC+ meeting tomorrow, to see how signatories to the output cut accord want to proceed considering the sharp rebound in prices since the start of this year. As we mentioned in our previous commentary, it's likely that a number of countries will want to begin increasing their production sooner than planned so it's now a question of by how much and how soon. The OPEC+ grouping is currently holding back around 8.2 mio bpd from the market, although 500,000 bpd as well as Saudi Arabia's voluntary two-month additional reduction of 1 mio bpd are due to come back at the end of the month. Conversely, although aviation fuel demand still remains low, diesel consumption is rising strongly and US inventories are now back to their five-year average, whilst short-term Brent futures contracts remain in backwardation.

US Shale Is 'No Longer A Threat To OPEC' – Pioneer CEO.

The CEO of Pioneer Resources, Scott Sheffield, suggested late last week that US shale will not return as a major competitive threat to OPEC+ producers. *"I'm still a strong believer that demand is going to come back strong, both on airlines and also driving around the world once we get herd immunity. I'm confident that we can assume the Iranian barrels into the marketplace over time and then US shale is no longer going to be a threat to OPEC and OPEC+,"* Sheffield was quoted as saying by 'Bloomberg'. His words were echoed somewhat by his counterpart at Occidental, Viki Hollub, who stated; *"The recovery is looking really good to us. If you look at what's happening in India as well as the US, I think the oil industry is looking like things will be pretty good for us over next couple of years,"* adding that, *"The severe drop in activity in the US along with the high decline rates of shale and the pressure from investment community to maintain discipline instead of growth means in my view that shale will not get back to where it was in the US."*

Glenn Wepener

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ADNOC Lifts Restriction On All Its Crude Oil Grades.

ADNOC has just announced that it will lift destination restrictions for all of its crude grades, as it prepares to launch the Murban futures contract at the end of this month. The decision means that the Das, Upper Zakum and Umm Lulu grades of oil will join Murban as being destination free. *"This is to create more freely traded commodity that can be traded on the global markets. The removal of the restrictions will bring additional value to our customers and to ADNOC,"* Khaled Salmeen, the head of ADNOC's downstream, marketing and trading directorate, was quoted as saying by 'S&P Platts'. You can read more details on this announcement [here](#).

Iran Says It Will Not Renegotiate The JCPOA Agreement.

Iran's President Rouhani, reportedly told his French counterpart Emmanuel Macron yesterday, that his country will not enter into fresh negotiations on the JCPOA accord. *"The JCPOA is by no means renegotiable, and the only way to protect and revive it is to remove sanctions by the United States,"* Rouhani stated during a telephone call with Macron on Tuesday, according to various media sources. Meanwhile, a statement issued by the French President's office said that Macron had told Rouhani that France was *"deeply concerned"* by recent Iranian decisions which violated the Vienna 2015 treaty and had stressed it was therefore important that Tehran made *"clear and immediate gestures so that dialogue can resume with all parties to the Vienna deal."*

Egypt & Sudan Forge Closer Defence Ties.

Egypt and Sudan signed a new military cooperation agreement during the Egyptian army's Chief of Staff, Lieutenant General Mohamed Farid's visit to Khartoum yesterday. Farid was quoted by the 'Egypt Independent' newspaper saying that his country *"seeks to consolidate ties and relations with Sudan in all fields, especially military and security fields,"* adding that *"solidarity is a strategic approach imposed by the regional and international environment."* Last week, Egypt's Foreign Minister Sameh Shoukry announced Cairo's support for a Sudanese proposal aimed at revitalizing negotiations over Ethiopia's controversial 'Grand Renaissance Dam' project, via the formation of an international mediation committee, which would include the US, EU, UN and AU.

Fresh Rocket Attack On Coalition Troops In Iraq.

Around ten rockets were fired at the Al Asad military base in western Iraq early this morning according to an 'AP News' report, it is not clear yet if there were any casualties. The base is believed to also host US-led coalition troops, and this morning's event follows a similar attack on US-led forces in northern Iraq last month, which killed a civilian contractor and injured a US service member. This attack also comes just two days ahead of Pope Francis's official visit to Iraq.

The Lebanese Pound Hits New Lows.

The Lebanese Pound hit a fresh record low of LBP 10,000 per US Dollar in the unofficial 'kerb' market yesterday, according to various local media sources. Meanwhile demonstrations against the ongoing economic crises in the country saw protestors reportedly block the main road leading out of Beirut and the one to the airport this week. Last Saturday an unnamed Lebanese official was quoted by the '961' media outlet warning, that the country's FX reserves are now at a *"dangerously low level"* and that as each day passes without the formation of a government, *"the possibilities of treatment"* for the economy *"get weaker, more difficult, and more complicated."*

Changes In KSA Are 'Just The Tip Of The Iceberg' – PIF Governor.

The Governor of Saudi Arabia's Public Investment Fund, Yasir Al-Rumayyan, was quoted as saying by the 'Arab News' website yesterday that the changes, which have taken place in the Kingdom over the past few years were *"just the tip of the iceberg"* of what is to come under the country's 'Vision 2030' strategy and beyond. *"The things we'd like to achieve in 2030 will be our optimal way of starting the next phase, which is what we will do until 2040, or after that to 2050. Our society is changing, the people are becoming more receptive to new ideas on how companies should work and how society should function, and even the social contract is changing. If you add all of these together, you will have an idea of what Saudi Arabia, by embracing and*

implementing Vision 2030, will look like in nine years," he stated yesterday during a virtual conference which hosted in Texas. You can read more details on his comments [here](#).

Shareholders Approve SAMBA & NCB Merger.

The shareholders in Saudi Arabia's National Commercial Bank and Samba Financial Group, have approved a merger to create the Kingdom's largest lender which will have over SAR 896 bio in total assets. The new institution will be named Saudi National Bank and its operations are due to begin on April 1st 2021. "We will be uniquely positioned to transform the Saudi banking sector and propel the Kingdom closer to its Vision 2030 goals, and I am very grateful for the opportunity to serve the people of Saudi Arabia alongside my colleagues and create a bank that delivers value for all stakeholders," Saeed Al-Ghamdi, the Chairman of NCB, was quoted as saying by the 'Arabian Business' website.

GII Buys Office Tower in France for US\$300 Mio.

Sharjah based Gulf Islamic Investments, has reportedly purchased the Altais Towers office buildings in Paris for US\$300 mio. "Altais Towers is an exciting marker in GII's growth trajectory. This acquisition highlights our deep and diversified global experience as we expand into new geographies and execute transactions of this scale and complexity, especially amidst the challenges presented by the Covid-19 pandemic," Mohammed Al Hassan, the founding partner and co-chief executive of GII was quoted as saying by the UAE's 'National' newspaper. His comments were echoed by Pankaj Gupta, founding partner and co-CEO of GII, who said that the purchase was "consistent with our long-term real estate investment strategy of acquiring high-quality assets in major cities."

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 | Par/+3 | 1/4 | 3/8 | 8/13 | 15/20 | 70/90 |
| USD/SAR | 3.7510/13 | 1/4 | 2/5 | 3/6 | 8/13 | 12/17 | 17/22 | 80/110 |
| USD/KWD | 0.30255/275 | 15/25 | 35/45 | 53/63 | 100/130 | 170/220 | 230/280 | 400/500 |
| USD/OMR | 0.38498/501 | 8/13 | 20/30 | 30/50 | 80/100 | 140/170 | 190/240 | 600/700 |
| USD/BHD | 0.37718/728 | 10/15 | 13/23 | 20/35 | 45/65 | 70/100 | 90/120 | 225/325 |
| USD/MAD | 8.8925/9125 | 150/300 | 300/500 | 500/700 | 900/1300 | 1300/2300 | 1800/2800 | 3000/6000 |
| USD/EGP NDF | 15.67 | 15.75/15.80 | 15.88/15.93 | 16.00/16.05 | 16.40/16.45 | 16.80/16.85 | 17.19/17.24 | - |
| USD/JOD | 0.7078/7088 | 70/120 | 70/170 | 130/280 | 250/450 | 400/700 | 700/1200 | 1000/2500 |
| USD/NGN NDF | 409.79 | 416.00/421.00 | 421.00/426.00 | 426.00/431.00 | 440.50/445.50 | 453.00/458.00 | 464.00/474.00 | (NAFEX) |
| USD/GHS NDF | 5.7600 | 5.78/5.83 | 5.83/5.88 | 5.89/5.99 | 6.08/6.18 | 6.30/6.40 | 6.50/6.65 | - |
| USD/TND | 2.7250/7450 | 80/220 | 150/350 | 300/500 | 600/1600 | 1000/3000 | 1500/2500 | 4000/8000 |
| Crude Oil | Futures | | | | | | | |
| WTI | 59.75 | | | | | | | |
| Brent | 62.25 | | | | | | | |

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

AED AND SAR IRS SPREADS

| Currency | 1Y | 2Y | 3Y | 4Y | 5Y | 6Y | 7Y | 10Y |
|------------|--------|--------|--------|--------|---------|----------|----------|----------|
| AED SPREAD | +22/28 | +30/36 | +38/44 | +47/53 | +56/62 | +61/67 | +65/71 | +86/92 |
| SAR SPREAD | +59/65 | +68/74 | +77/83 | +87/93 | +97/103 | +106/112 | +113/119 | +137/143 |

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

AND FINALLY...

Did you know that the Democratic Republic of the Congo (DRC) holds over 50% of global reserves and is responsible for around 50% of global Cobalt production?

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