

Market Insights & Strategy

Global Markets

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MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

US Solar Industry Continues To Expand But Challenges Remain.

The US solar power industry saw continued expansion last year despite the COVID-19 pandemic. The sector added 19.2GW of capacity which was a record 43% increase compared to 2019, according to the latest SEIA/Wood Mackenzie Power & Renewables US Solar Market Insight report. Solar also accounted for 43% of all new electricity-generating capacity added in the US during 2020, representing the largest ever share of new generating capacity and ranking first among all technologies. (You can access the full report [here](#)). President Biden has said he wants to make the US a leader in the manufacture of clean energy in order to help jumpstart the domestic economy, however this is likely to be an uphill battle at least in the near term. There are currently only a handful of solar power related manufacturers in the US and since September last year none of them produce solar cells. Admittedly Biden's "*Build Back Better*" drive will probably see the introduction of further tax credits and incentives for the renewable energy sector, it may even include further tariffs on solar related imports. However some businesses have been critical of the Trump-era tariffs and quotas on imported solar cells saying they have inhibited rather than boosted the local solar manufacturing industry. "*The tariffs were very challenging, but more importantly, there are no other incentives put in place that are direct incentives to spur U.S. manufacturing, things like tax credits for manufacturers, low-interest loans or a federal clean energy bank. There are so many tools in the toolbox that have not been used.*" Suzanne Leta, head of policy at SunPower Corporation was quoted as saying earlier this month by the 'E&E News' site. Meanwhile the Solar Energy Industries Association has joined the American Clean Power Association and a consortium of renewable energy companies in calling on the new administration to repeal Trump's Executive order from October 2020, which increased certain tariff rates and re-imposed tariffs on bifacial solar panels. China is currently the leader in the manufacture of solar power cells and has the world's most solar generated capacity.

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Libya Looks To Increase Its Crude Production.

Libya's National Oil Corporation announced earlier this week, that the country managed to generate US\$1.23 bio in oil revenues during February 2021 and that these funds had been deposited at the Libyan Foreign Bank, in line with the conditions of the 'Maetig-Haftar' agreement which led to the formation of the current unity government. Libya plans to raise its daily crude oil output to 1.45 mio barrels by the end of this year and to 2.10 mio within four years, according to the NOC's chairman Mustafa Sanalla.

Tensions Rise As Iran Unveils Underground Missile Facility.

On Monday this week, Iran's state-run television station displayed pictures of a huge underground military storage facility that appeared to hold both ballistic and cruise missiles. Meanwhile, according to 'Reuters' the IAEA believes Iran has begun enriching uranium at its underground Natanz plant with a second type of advanced centrifuge, which would mark a further breach of the original JCPOA agreement. This development combined with Iran's very public display of advanced missiles, must cast further doubt on the likelihood of a new nuclear accord being negotiated anytime soon. In Washington, Saudi Arabia's representative to the UN in Vienna, said yesterday that while the Kingdom cautiously supported international efforts towards re-implementing the JCPOA agreement, any deal must contain new conditions. *"We are convinced of the necessity to reach a new comprehensive agreement that includes regional players and deals with Iran's ballistic missile program and terrorist financing, as these matters are very important,"* Prince Abdullah bin Khalid bin Sultan Al Saud, was quoted as saying by 'CNN'.

Saudi & Greek Air Forces Conduct Joint Exercises.

The Royal Saudi Air Force began a joint training exercise with the Greek Air Force from the Souda airbase on the island of Crete yesterday, according to a statement issued by the Kingdom's Ministry of Defence. The exercises named 'Falcon Eye One' involved joint sorties using six F-15C aircraft by the RSAF together with F-16, Dassault Mirage 2000 and F-4 Phantom aircraft flown by the Greek Air Force. *"The beginning of the exercise was preceded by several coordination meetings with the Greek Air Force, which focused on mechanisms of action, types of flights and the participating aircraft, and accordingly a complete program was developed that includes all sorties."* Colonel Abdulrahman Al-Shehri, commander of the RSAF group participating in the exercise, was quoted as saying by the 'Arab News' website.

Lebanese Pound Hits Fresh Lows.

The beleaguered Lebanese Pound hit another new low against the US dollar in the unofficial 'kerb' market yesterday, reportedly trading at around LBP14,800 – 15,000 according to various media sources. The fall comes as the country's political parties remain divided as ever and no new government has yet been formed. Late last week the French Foreign Minister, Jean-Yves Le Drian said that; *"Time is running out to prevent the collapse of Lebanon, and we do not see any indication that Lebanese politicians are doing what they can to save their country."* Meanwhile, as street protests in Beirut and other cities continue Mohammed Fahmy, the country's caretaker interior minister was quoted by the 'Arab News' site last Saturday, warning of *"a diminishing security situation,"* and adding that *"security is a product of politics, and all the country's systems have diminished. We are part of the people and we are hungry. The political forces must resolve the obstacles to form a rescue government as soon as possible, we can no longer take it. The situation is very bad, the country is exposed, and I am sounding the alarm."*

Oman Prepares To Implement VAT Next Month.

A 5% value-added tax will come into force in Oman from the 16th of April 2021. The tax will be applied to various goods and services although certain key items will be excluded including; basic foodstuffs, education services and supplies, transport services, medicines and medical equipment as well as crude oil and its derivatives. The government expects the tax to generate OMR 400 mio in revenues per annum. You can read more on this topic [here](#).

Inflation Rate In Nigeria Hits 4-Year High.

Headline inflation in Nigeria rose to a four-year high of 17.33% last month, according to the official national statistics agency. Food prices was one of the primary drivers rising 21.79% compared to 20.57% in January 2021. Meanwhile the country's unemployment rate stood at 33.30% at the end of last year from 27.10% in Q2 2020.

ADNOC & Petronas Sign Collaboration Agreement.

The Abu Dhabi National Oil Company announced last week that it has signed an agreement with Malaysia's Petronas, to explore collaboration in the Emirate's oil and gas sector as well as the low-carbon energy industry. "Under the terms of the agreement, ADNOC and Petronas will jointly explore opportunities for collaboration in the exploration, development, and production of conventional and unconventional hydrocarbon resources in the Emirate of Abu Dhabi," a statement issued by ADNOC read.

UAE & Israel Discuss Quarantine-Free Travel Corridor.

The UAE and Israeli governments have begun formal discussions to establish a quarantine-free travel corridor between their two countries. The corridor, which would apply to passengers who are vaccinated against Covid-19, will facilitate travel for commercial, tourism, and official purposes, according to a report published by the UAE's state news agency WAM. Meanwhile an official at the newly established Israeli embassy in Abu Dhabi, was quoted by the 'Gulf Business' site suggesting that up to 50,000 Israeli tourists per month could visit the UAE during the winter season.

FX/RATES & CRUDE MARKETS:

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Currency	Spot	1M	2M	3M	6M	9M	12M	2Y
USD/AED	3.67295/305	-0.5/+1.5	Par/+3	Par/+3	3/6	7/12	13/18	60/80
USD/SAR	3.7503/06	2/5	2/5	3/6	4/9	7/12	13/18	75/95
USD/KWD	0.30180/210	18/28	43/53	65/75	130/150	200/230	260/290	400/500
USD/OMR	0.38499/503	8/13	15/25	25/40	50/80	90/120	150/180	300/500
USD/BHD	0.37699/704	15/20	25/30	35/45	65/80	90/110	110/140	170/270
USD/MAD	8.9750/9950	50/150	100/250	150/350	300/650	500/1000	700/1700	1800/3800
USD/EGP NDF	15.70	15.84/15.89	15.96/16.01	16.09/16.14	16.50/16.55	16.90/16.95	17.30/17.35	-
USD/JOD	0.7078/88	70/120	170/270	250/350	475/675	600/1000	850/1350	1000/2500
USD/NGN NDF	407.82	410.00/415.00	414.00/419.00	418.50/423.50	430.00/435.00	443.00/448.00	455.00/465.00	(NAFEX)
USD/GHS NDF	5.7300	5.77/5.82	5.83/5.88	5.89/5.99	6.08/6.18	6.31/6.41	6.50/6.65	-
USD/TND	2.7500/7700	80/180	150/350	300/500	600/1600	1000/2000	1500/2500	4000/7000
Crude Oil	Futures							
WTI	65.15							
Brent	68.65							

** (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	+30/36	+37/43	+43/49	+48/54	+51/57	+68/74
SAR SPREAD	+58/64	+65/71	+73/79	+82/88	+91/97	+100/106	+108/114	+130/136

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

AND FINALLY...

Did you know that according to the Digiconomist site, one bitcoin transaction now has the same energy footprint as over 450,000 Visa transactions?

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