

Market Insights & Strategy

Global Markets

22nd March 2021

MIDDLE EAST & AFRICAN MONITOR

- **Oil Prices Steady After Recent Fall.**
- **US Crude Inventories Are 6% Above 5Y Average - EIA.**
- **Iran Continues To Call For US Sanctions To Be Lifted.**
- **Saudi Aramco Reports Profit Of US\$49 Bio For 2020.**
- **Turkey's CB Governor Is Replaced.**
- **UAE Unveils 'Remote Workers' Visa Program.**
- **FITCH Affirms Its 'B' Credit Rating On Nigeria.**
- **AFDB Approves US\$500 Mio Loan For Angola.**
- **RATP-Dev Wins Rail Contract In Egypt.**

REGIONAL COMMENTARY

Oil Prices Steady After Recent Fall.

Crude oil prices fell by more than 7% last Thursday before stabilizing somewhat on Friday. The primary factors behind last week's sharp price drop include; the ongoing rise of COVID-19 infections in Europe and a stalled vaccine program there, an IEA report that poured cold water on recent talk of a potential oil super-cycle, some profit-taking and a firmer US dollar. As we stated in our recent crude market [flash note](#) which was published on the 15th of March, we believe that prices have peaked in the short-term and any fresh gains will now depend on the speed of the global economic recovery especially within the travel sector, as well as the next actions of signatories to the OPEC+ output accord.

US Crude Inventories Are 6% Above 5Y Average - EIA.

In its latest Weekly Petroleum Status report, the EIA said that during the week ending March 12th 2021, US commercial crude oil inventories increased by 2.40 mio barrels to 500 mio barrels which is about 6% above the five year average for this time of year. Gasoline inventories increased by 500,000 barrels during the same period and are now estimated to be 4% below the five year average. Meanwhile US crude oil imports averaged 5.30 mio bpd a fall of 332,000 bpd from the previous week, whilst exports were down by 113,000 bpd to 2.50 mio bpd.

Iran Continues To Call For US Sanctions To Be Lifted.

Iran's Supreme Leader, Ayatollah Ali Khamenei, said yesterday that his country would not return to the terms and conditions of the 2015 JCPOA agreement until US sanctions were lifted. *"The country's policy regarding interaction with JCPOA parties and the JCPOA itself has been clear. It entails that the Americans must lift the sanctions, all the sanctions, and then we will verify and if they are truly lifted, then we will return to our JCPOA commitments,"* Khamenei was quoted as saying on Sunday by 'Arab News', adding that lifting sanctions *"on paper is not acceptable"* they must be

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*

implemented “*in practice*.” Meanwhile an ‘AP News’ article published yesterday, claimed that Iran has made threats against the Fort McNair military base in Washington and against the US Army’s vice chief of staff. The report quoted two unnamed US intelligence officials who apparently alleged that, communications intercepted by the National Security Agency in January had revealed that Iran’s Revolutionary Guard discussed mounting “*USS Cole-style attacks*” against the base. You can access the full AP article [here](#).

Saudi Aramco Reports Profit Of US\$49 Bio For 2020.

Saudi Aramco announced this past Sunday that it generated US\$49 bio in net profits for 2020 compared to US\$88.19 bio during the previous year. This 44% fall was due primarily to last year’s low oil prices, but the profit generated was still one of the highest posted in 2020 by any public company globally. *“In one of the most challenging years in recent history, Aramco demonstrated its unique value proposition through its considerable financial and operational agility. Our exceptional performance during such testing times owed much to the unwavering spirit and resilience of our employees, who set operational records and continued to meet the world’s energy needs both safely and reliably. As the enormous impact of COVID-19 was felt throughout the global economy, we intensified our strong emphasis on capital and operational efficiencies. As a result, our financial position remained robust and we declared a dividend of US\$75 billion for 2020. At the same time, the accelerated deployment of digital technologies across the company significantly enhanced our performance and we continued to make progress on breakthrough low-carbon solutions. Looking ahead, our long-term strategy to optimize our oil and gas portfolio is on track and, as the macro environment improves, we are seeing a pick-up in demand in Asia and also positive signs elsewhere. We remain confident that we will emerge on the other side of this pandemic in a position of strength,”* Aramco’s President & CEO Amin Nasser, was quoted as saying yesterday by the ‘Saudi Gazette’ newspaper.

Turkey’s CB Governor Is Replaced.

Following the issuance of a Presidential decree this past Saturday, the head of Turkey’s Central Bank, Naci Agbal, has been dismissed from his post and replaced by Professor Şahap Kavcıoğlu. The move came just two days after the CB had hiked its benchmark interest rate by 200bp to 19% in what it said at the time was a move to head-off rising inflation. Kavcıoğlu is a former banker and AKP MP who has been openly critical of the CB’s recent hawkish monetary policy and advocated for lower interest rates, although according to ‘Reuters’ and the ‘Wall Street Journal’ he reportedly told local bank chiefs yesterday, that he had no plans for an immediate change in policy and that the CB’s main objective was to achieve a “*permanent fall in inflation*”. The news of Agbal’s surprise dismissal saw the Turkish Lira initially lose more than 14% of its value against the US dollar in early Asian trading this morning, but it has since recovered somewhat. Meanwhile the country’s Finance Minister, Lutfi Elvan, was quoted as saying by the ‘Hurriyet Daily News’ that Turkey’s “*Liberal exchange regime will continue resolutely. We will continue implementing fiscal policies to support price stability in a way that complements monetary policy.*” Turkey’s annual inflation rate rose to 15.61% last month according to official data.

UAE Unveils ‘Remote Workers’ Visa Program.

The UAE government has approved a new more inclusive ‘Remote Work Visa’ that will enable foreign workers to live and work remotely from the UAE, even if their employers are based in another country. The authorities have also approved a five-year multiple entry tourist visa for all nationalities. This latter visa will reportedly allow tourists to enter and remain in the country for 90 days on each visit, although exact details are still due to be released. “*Our teams continue day and night to consolidate our international economic and political position and establish a quality of life that is the best in the world for our people and all those residing here,*” the Prime Minister and Ruler of Dubai, Sheikh Mohammed bin Rashid, said via his Twitter account yesterday.

FITCH Affirms Its ‘B’ Credit Rating On Nigeria.

FITCH ratings agency has affirmed its current Long-Term Foreign-Currency Issuer Default Rating on Nigeria at ‘B’ with a Stable Outlook. “*Nigeria’s ‘B’ rating is supported by the large size of the economy, a low general government debt-to-GDP ratio, small foreign-currency indebtedness of the sovereign and a comparatively developed financial system with a deep domestic debt market. The rating is constrained by particularly weak fiscal revenue, comparatively low governance and development indicators, high dependence on hydrocarbons and continued weak growth and high inflation*” the agency said in a statement that was published last Friday and which you can access in full [here](#).

AFDB Approves US\$500 Mio Loan For Angola.

The African Development Bank, has approved a US\$530 mio loan to help fund a new 343km power transmission line, as well as distribution connections to hundreds of thousands of households in Angola. According to the 'Global Construction Review' website, this 400kV line is due to be completed by 2023 and will connect Angola's northern and southern power grids, allowing surplus hydropower to be brought down from the north and lead to the phasing out of diesel-powered generators in the south.

RATP-Dev Wins Rail Contract In Egypt.

According to the 'Railway Journal' website, Egypt has awarded a 15-year contract to RATP Dev (a subsidiary of the Paris Transport Authority), for the operation and maintenance of the 65km, 11-station Adly Mansour to 10th of Ramadan/New Administrative Capital railway line.

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/+1.5	Par/+3	1/4	4/7	7/12	13/18	60/80
USD/SAR	3.7505/08	3/6	4/9	5/10	8/13	10/20	15/25	90/120
USD/KWD	0.30210/230	20/30	47/57	60/85	140/170	205/235	270/300	420/520
USD/OMR	0.38499/503	8/13	15/25	25/40	50/80	90/120	150/180	300/450
USD/BHD	0.37702/707	15/20	25/30	35/45	65/80	90/110	110/140	200/300
USD/MAD	8.9875/9.0075	50/150	100/250	150/350	300/650	500/1000	700/1700	1800/3800
USD/EGP NDF	15.71	15.85/15.90	15.97/16.02	16.12/16.17	16.58/16.63	16.99/17.04	17.36/17.41	-
USD/JOD	0.7080/90	70/120	170/270	250/350	475/675	600/1000	850/1350	1000/2500
USD/NGN NDF	408.04	411.00/416.00	414.50/419.50	419.00/424.00	431.00/436.00	443.00/448.00	454.00/464.00	(NAFEX)
USD/GHS NDF	5.7300	5.77/5.81	5.83/5.88	5.89/5.99	6.08/6.18	6.31/6.41	6.53/6.68	-
USD/TND	2.7450/7650	80/180	150/350	300/500	600/1600	1000/2000	1500/2500	4000/7000
Crude Oil	Futures							
WTI	60.85							
Brent	64.30							

**** (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	+33/39	+37/43	+41/47	+44/50	+63/69
SAR SPREAD	+59/65	+63/69	+71/77	+80/86	+89/95	+99/105	+106/112	+127/133

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

AND FINALLY...

Did you know that South Africa's Kurgerrand coin is still the most popular one-ounce gold coin and is actively traded by investors and collectors? It was first introduced in 1967 and by 1980 accounted for more than 90% of the global gold coin market.

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 advisers. 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.