

# Market Insights & Strategy

Global Markets

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## MIDDLE EAST & AFRICAN MONITOR

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- Crude Prices Remain Rangebound For Now.
- ExxonMobil May Sell Stake In Iraqi Oilfield.
- Hints Of Further Progress In Iran Nuclear Talks But Hurdles Remain
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### REGIONAL COMMENTARY

#### **Over US\$800 Bio To Be Invested Into Wind Power By 2030.**

A recent report published by Rystad Energy, estimates that the combined capital and operational expenditure in the wind power sector will total US\$810 bio this decade. This in turn will translate into the creation of more than 250GW of installed capacity within this sector by 2030. By region, Europe is still expected to dominate offshore wind spending followed by Asia. *"The colossal level of investments anticipated in the offshore wind industry this decade reflects the ambitious targets set by companies and governments alike. As the market matures and economies of scale are achieved, investments could surge further, sparking even more installed capacity,"* one of the authors of the report was quoted as saying. You can access more details [here](#).

#### **Crude Prices Remain Rangebound For Now.**

As Europe finally appears to be emerging from its most recent COVID-19 infection wave and its vaccination rate speeds up, there are growing hopes that tourism will take-off this summer both there and in the US. This optimism has kept oil prices in the upper to mid US\$60s, but traders remain cautious due to the worsening health crisis in India as the number of new coronavirus cases there crossed the 20 million mark amidst growing calls for a national lockdown. Meanwhile, recently published data shows that oil demand from Japan (another important crude importer) fell by 25% y/y in March this year.

#### **ExxonMobil May Sell Stake In Iraqi Oilfield.**

Iraq's oil minister, was quoted by 'Bloomberg' suggesting yesterday that his government may purchase ExxonMobil's 32.70% stake in Iraq's largest oilfield. The global oil major is reportedly looking to offload its stake (which is estimated to be worth around US\$500 mio) as it continues to reduce its debt and raise cash flows after an extremely difficult 2020.

**Glenn Wepener**  
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### **Hints Of Further Progress In Iran Nuclear Talks But Hurdles Remain.**

Iranian officials suggested over the weekend that indirect talks over a return to the JCPOA accord by Iran and the US had made further progress. However, the US National Security Advisor, Jake Sullivan was quoted by 'Reuters' warning that; *"I'm not going to characterize the substance of the negotiations at this point because they are in an unclear place. We've seen willingness of all sides, including the Iranians, to talk seriously about sanctions relief restrictions and a pathway back into the JCPOA. But it is still uncertain as to whether this will culminate in a deal in Vienna."* In a separate interview with 'ABC News' on Sunday, Sullivan added that *"there's still fair distance to travel to close the remaining gaps, and those gaps are over what sanctions the United States and other countries will roll back in exchange for restrictions on Tehran's nuclear program. Our diplomats will keep working at that over the coming weeks to try to arrive at a mutual return to the JCPOA, on a compliance-for-compliance basis."* Meanwhile, the US has denied, that there was any truth to a story aired by Iranian state television, that a deal had been reached whereby four Americans held in Tehran would be released in exchange for the unfreezing of US\$7 bio in Iranian offshore assets. *"Reports that a prisoner swap deal has been reached are not true,"* a US State Department official was quoted as saying.

### **S&P Considers Removing Lebanese Stocks From Its Indices.**

As Lebanon's political and economic crises continues to worsen, S&P Dow Jones said in a statement published last Friday, that it is considering removing Lebanese stocks from its indices. *"Given the situation in the country regarding foreign currency shortages and fund repatriation concerns, S&P DJI is proposing to remove index constituents domiciled in Lebanon from the S&P Pan Arab Indices. Additionally, S&P DJI is proposing to reclassify Lebanon from a frontier market to a stand-alone market, and consequently remove all constituents from the S&P Frontier BMI and related sub-indices,"* the statement, which you can access in full [here](#), read. Meanwhile the French Foreign Minister, Jean-Yves Le Drian, announced late last week that his government was preparing to prevent those Lebanese officials suspected of corruption or obstructing the formation of a government, from entering France. The French government *"has started to put in place measures restricting access to French territory for people implicated in the political blockage under way, or implicated in corruption in Lebanon,"* Le Drian was quoted as saying by 'AP News'.

### **Saudi Arabia To Reconsider VAT After Objectives Have Been Achieved.**

Saudi Arabia's Finance Minister, Mohammed Al Jadaan, has said that the government will reconsider VAT once certain economic objectives had been achieved. *"Saudi Arabia will reconsider the value-added tax upon achieving certain objectives, such as the Kingdom's gross domestic product growth, economic broadening, and a steady rise in oil price,"* the minister was quoted as saying by the 'Saudi Gazette' website. You can read more on his comments [here](#).

### **Kuwait To Introduce Travel Ban On Unvaccinated Citizens.**

Kuwait's Information Ministry announced yesterday that from May 22<sup>nd</sup> 2021, the country's citizens will not be allowed to travel overseas unless they have been vaccinated, although young people not included in the vaccination campaign will apparently be exempted from this ban. Meanwhile, non-Kuwaitis are still prohibited from entering the country until further notice. You can read more on this story [here](#).

### **Egypt Signs Deal For 30 French Fighter Aircraft.**

Egypt has agreed to buy thirty Rafale fighter jets from France's aerospace company Dassault. *"Egypt and France signed a contract to supply 30 Rafale jets through the Egyptian Armed Forces and the French Dassault Aviation company, provided that, the concluded contract is financed through a financing loan of a minimum duration of 10 years,"* a statement issued by Egypt's Defence Ministry and published by 'Reuters' read. The deal is reportedly worth around EUR 3.75 bio.

## Angola & Zambia Seal Pipeline Agreement.

The Zambian and Angolan governments have signed a US\$5 bio agreement covering the construction of a multi-product petroleum pipeline between the two countries. This pipeline will reportedly be developed by the private sector with Angola's state-owned petroleum firm SANANGOL and Zambia's state-run Industrial Development Corporation as strategic equity partners.

## CCECC Wins Railway Contract In Nigeria.

China Civil Engineering Construction Corporation has signed a US\$3 bio contract with Nigeria's Ministry of Transportation for the development of the country's Eastern Railway network. According to the 'Railway Technology' website, the contract includes the reconstruction and upgrading of the railway lines running from Port Harcourt to the northern city of Maiduguri.

## 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/+0.5	-1/+1	-1/+2	-1/+3	2/7	7/12	55/75
USD/SAR	3.7500/03	6/9	10/13	11/16	17/22	24/29	32/37	90/120
USD/KWD	0.30130/150	20/30	42/52	65/75	130/160	205/235	275/305	400/500
USD/OMR	0.38497/502	5/15	12/22	20/35	55/75	95/125	150/180	380/480
USD/BHD	0.37695/700	17/22	28/38	37/52	75/95	100/130	130/160	225/375
USD/MAD	8.9100/9300	50/150	100/250	150/350	300/600	400/900	600/1500	1800/3800
USD/EGP NDF	15.6825	15.75/15.80	15.86/15.91	16.00/16.05	16.39/16.44	16.79/16.84	17.19/17.24	-
USD/JOD	0.7085/7095	70/120	170/270	250/350	475/675	600/1000	850/1350	1000/2500
USD/NGN NDF	410.24	411.75/415.75	415.50/418.50	419.25/423.25	430.50/435.50	442.50/447.50	454.00/464.00	(NAFEX)
USD/GHS NDF	5.7700	5.78/5.83	5.82/5.88	5.88/5.95	6.04/6.14	6.26/6.36	6.45/6.60	-
USD/TND	2.7425/7625	80/180	150/350	300/500	600/1600	1000/2000	1500/2500	4000/6000
<b>Crude Oil</b>		<b>Futures</b>						
WTI	65.60							
Brent	68.80							

**\*\* (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	+22/28	+26/32	+30/36	+34/40	+36/42	+38/44	+48/54
SAR SPREAD	+60/66	+65/71	+70/76	+75/81	+79/85	+83/89	+87/93	+103/109

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

## AND FINALLY...

*Did you know that as well as being a natural thermal insulator and perfect for acoustics, timber is also resistant to electrical currents? This makes timber an optimal material for electrical insulation.*

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