

Market Insights & Strategy

Global Markets

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REGIONAL COMMENTARY

China To Impose Taxes On Heavy Crude.

China announced late last week that it would implement a hefty tax on 'diluted bitumen' imports from the middle of next month. Up to 380,000 bpd of this crude type is imported into the country by some Chinese refiners, who will obviously be affected by this new tax, but the real impact could be felt by Venezuela. A recent 'Argus Media' article claims, that although China stopped buying Venezuelan oil two years ago due to US sanctions, some private refiners in the country still do so via intermediaries, (after the heavy sour crude that Venezuela produces has been blended with fuel oil or bitumen and rebranded). The new tax could add US\$30 a barrel to this blend. You can access the referenced article in full [here](#). Other low quality oil blends that will reportedly be taxed, are light-cycle and mixed aromatics and the move is set to increase demand for better grades. *"In recent years, a small number of companies have imported a large quantity of fuel that does not meet national standards, which flows to illegal business channels, endangers the fairness of the refined oil market, poses greater social security risks and causes environmental pollution,"* China's MOF said in a statement.

Iran Uses Bitcoin To Circumvent Sanctions - Study.

A recent study undertaken by Elliptic, a defi analysis and compliance firm, claims that Iran has been using bitcoin as a tool to circumvent and reduce the impact of US sanctions. The investigation found, that 4.50% of all bitcoin mining takes place in Iran, and suggests that the country is using bitcoin indirectly to export its energy reserves. This it achieves by using its oil to produce electricity that is then turned into bitcoin tokens by crypto-miners located in the country, which are then sold raising hundreds of millions of US dollars. You can access the full Elliptic report [here](#).

JCPOA Talks Hit Another Hurdle.

Indirect US – Iran talks on returning to the terms of the 2015 JCPOA accord have run into a fresh hurdle after the IAEA and Tehran were unable to reach an agreement on extending the atomic agency's

inspection teams access to facilities in Iran, following the expiry of the original deal this past weekend. Meanwhile the US Secretary of State, Anthony Blinken, said during an interview with 'CNN' yesterday, that it was still unclear if the Iranian government was willing to take all the necessary steps, in order to become compliant with the JCPOA again. *"The outstanding question, the question that we don't have an answer to yet, is whether Iran, at the end of the day, is willing to do what is necessary to come back into compliance with the agreement. And what we haven't yet seen is whether Iran is ready and willing to make a decision to do what it has to do. That's the test and we don't yet have an answer,"* Blinken stated.

Sudan & Egypt To Conduct Joint War Games.

Sudan announced last Friday, that all branches of its military are preparing to conduct war games with Egypt's armed forces later this week. The announcement comes as tensions with Ethiopia remain high ahead of its planned second filling of the controversial 'Grand Renaissance Dam'. Both Egypt and Sudan have long been concerned that the dam poses a significant risk to their fresh water supplies, but despite several tri-lateral talks on the issue no agreement has yet been reached. Last week, Egypt's President highlighted again how serious Cairo considers the issue, when he warned that; *"It is an existential issue to Egypt, which will not accept any harm to come to its water interests."*

Nigeria's Economy Recovering Albeit At A Slow Pace.

Nigeria's GDP grew by 0.51% during the first quarter of this year, slightly up on the 0.11% recorded in Q4 of 2020 and the second consecutive quarter of expansion (albeit marginal) since the economy went into recession during Q3 of 2020. According to the country's official statistics bureau, the country's oil sector contracted by 2.21% y/y in Q1 2021, whilst the non-oil sector grew by 0.79% over the same period, supported by agriculture, communications and manufacturing.

Zambia Close To An Agreement With IMF – CB Chief.

Zambia's Central Bank Governor, Christopher Mvunga, claimed last week that his country was close to reaching an agreement on a financial support program with the IMF. *"We couldn't have gotten any closer with the IMF as we are today, we are very optimistic, it's progressing pretty well,"* Mvunga was quoted as saying by 'Bloomberg', although he did not state when such a deal was expected to be finalized. Zambia is seeking to restructure US\$ 12.70 bio of its external debt after it defaulted on its payments to bondholders in November last year.

Egyptian Court Upholds Detention Of 'Ever Given'.

The Ismailia Economic appeals court has rejected, an appeal against the Ever Given container ship's continued detention in the Suez Canal, according to the 'Daily News Egypt' website. The Suez Canal Authority is seeking US\$916 mio compensation from the vessel's owner, Shoeni Kisen, for the costs the SCA incurred due to the six-day blockage of the canal and the work to free the ship in March this year.

Morocco's Green Hydrogen Plant Set To Open In 2025.

The head of Morocco's agency for sustainable energy, Tarik Hamane, has said that the country's first industrial scale green hydrogen plant is expected to start operating in 2025. *"We do believe that the potential of renewable energy, wind and solar, in Morocco allows us to be an important player in terms of production of green ammonia, which we can export to Europe, a market that will be addressed by green hydrogen. We can substitute this ammonia with the green ammonia produced by green hydrogen,"* Hamane was quoted as saying by 'Reuters'.

CPPE Seals EPC Contract In Abu Dhabi.

The China Petroleum Pipeline Engineering Company has won a three-year contract, to help sustain oil output capacity at ADNOCs onshore Bu Hasa field. The EPC contract includes the installation of up to 260 conventional and non-conventional smart wells, enabling remote operations, according to 'S&P Global Platts'.

ADSB Wins UAE Naval Contract.

The Abu Dhabi Ship Building company has been awarded a AED 3.50 bio contract to produce four Falaj 3-Class offshore patrol vessels for the UAE Navy. “The contract will provide the company with a platform for sustainable, profitable growth, while maintaining strategic national assets that are critical to the defense of the UAE,” the Chairman of ADSB, Khalid Al Breiki, was quoted as saying by the ‘Defense Post’ 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	Par/+2	0.5/2.5	1/4	3/8	5/10	8/13	50/70
USD/SAR	3.7500/03	5/8	8/11	9/14	13/18	22/27	27/32	80/110
USD/KWD	0.300760/790	20/30	45/55	63/78	130/160	200/230	265/295	425/525
USD/OMR	0.38497/502	7/17	15/30	25/40	55/75	90/120	150/180	375/475
USD/BHD	0.37697/702	14/19	25/35	37/52	70/90	100/130	130/160	225/375
USD/MAD	8.8025/8225	50/120	100/200	125/275	250/550	400/800	600/1500	1800/3800
USD/EGP NDF	15.6700	15.77/15.82	15.87/15.92	16.03/16.08	16.42/16.47	16.81/16.86	17.20/17.25	-
USD/JOD	0.7082/92	50/150	70/270	200/350	400/700	500/900	600/1200	1000/2500
USD/NGN NDF	411.18	413.00/416.00	416.50/420.50	420.50/424.50	431.50/436.50	442.50/447.50	453.50/462.50	(NAFEX)
USD/GHS NDF	5.7875	5.80/5.85	5.84/5.89	5.90/5.95	6.06/6.16	6.28/6.38	6.48/6.63	-
USD/TND	2.7250/7450	80/180	150/350	300/500	600/1600	1000/2000	1500/2500	4000/6000
Crude Oil	Futures							
WTI	64.50							
Brent	67.40							

** (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	+24/30	+29/35	+33/39	+37/43	+38/44	+39/46	+50/56
SAR SPREAD	+64/70	+69/75	+74/80	+80/86	+86/92	+91/97	+96/102	+112/118

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

AND FINALLY...

Today’s Bush is Tomorrows Forest” – Zambian Proverb.

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