

Market Insights & Strategy

Global Markets

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MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

All Eyes On This Week's OPEC+ Meeting.

The next official OPEC+ gathering is due to take place on the 4th of November and traders will be keen to see if the signatories to the output cut accord agree to increase their production over and above their current rate. Pressure to release more crude into the market is rising as prices continue to hover above US\$80 a barrel, with officials from some of the major importers including the US, Japan and India all reportedly again calling on producers to do more to help ease the energy crunch. *"We found ourselves in an energy crisis, producers should ensure that oil markets and gas markets are balanced,"* Amos Hochstein, the US Coordinator for International Energy Affairs, was quoted as saying by 'Bloomberg' last week. Meanwhile, the chairman of Japan's Petroleum Association claimed recently that his government *"is currently asking oil-producing countries to increase production in the Middle East. As the petroleum industry, we hope oil-producing countries, including OPEC, will take appropriate steps so as not to hinder a full-fledged recovery of the world's economy."* Despite these pressures, it is still unclear if OPEC+ will decide to adjust their current output plans this time around, although investors have reportedly begun trimming some of their long positions ahead of Thursday's meeting.

China Releases Strategic Fuel Reserves.

China's National Food and Strategic Reserves Administration said yesterday, that it has ordered the release of some of its reserves of petrol and diesel in order to boost domestic supplies. This is the first time that the Chinese authorities have announced such a move publically, although they did not reveal the amount released. *"The rotation of gasoline and diesel from storage this time will be used to increase market resources, ease supply tensions, and give play to the regulatory role of the national refined oil reserve market,"* the administration's official statement read. According to

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the 'Financial Post' news site, the move comes after several regions in central and southern China had seen lines of vehicles queueing at gas stations due to tight diesel supplies and rationing by petrol stations in recent weeks. Refining margins are back at multi-year highs with the NYMEX gasoline crack spread moving above US\$16 towards the end of last week.

Iran Talks Set To Resume But A Deal Remains Uncertain.

President Biden publically confirmed this past weekend, that indirect talks with Tehran over a potential return to the JCPOA agreement are “*scheduled to resume*,” soon. However, following a meeting on Saturday the leaders of the US, Germany, France and the UK warned that Tehran could jeopardize any chance of a reaching deal if it continued to enrich its uranium stocks beyond the terms of the original accord. “*We call upon President Raisi to seize this opportunity and return to a good faith effort to conclude our negotiations as a matter of urgency. That is the only sure way to avoid a dangerous escalation, which is not in any country's interest*,” a joint-statement released by the four powers read, according to the 'AP News' outlet. Meanwhile, a cyberattack on the 26th of October reportedly targeted Iran's fuel distribution network and paralyzed its subsidized transaction system, resulting in thousands of motorists unable to use their government issued smart cards to fill up their vehicles. The system was said to have been partially restored by the end of last week. According to 'Reuters' the Iranian authorities have since accused the US and Israel of being behind the attack, with the head of the country's civil defence unit claiming that, “*We are still unable to say forensically, but analytically I believe it was carried out by the Zionist Regime, the Americans and their agents.*”

Lebanese Minister's Comment Alienates Gulf Allies.

Saudi Arabia has expelled Lebanon's ambassador and banned all imports from the Mediterranean country after one of its senior ministers criticized the Kingdom's policies on Yemen. Riyadh's response was supported by Kuwait, Bahrain and the UAE who also took similar steps including the withdrawal of their diplomats from Lebanon. “*The UAE announces the withdrawal of its diplomats from Lebanon in solidarity with the Kingdom of Saudi Arabia, in light of the unacceptable approach of some Lebanese officials towards the Kingdom*,” the UAE's WAM news agency reported. Meanwhile, the Secretary-General of the Arab League has called on the Lebanese government to take urgent steps to resolve this latest diplomatic crisis. “*The Secretary General is confident in the wisdom and capability of President Aoun and Prime Minister Mikati to quickly take the necessary steps that will arrest the quick deterioration in those relations and contribute to calm, especially with Saudi Arabia*,” an Arab League statement read, according to 'The National' newspaper.

ADIB Eyes Potential Opportunities Offshore.

The CFO of Abu Dhabi Islamic Bank said earlier today that the bank has the “*liquidity and firepower*” to seek acquisitions outside of the UAE. “*We are continuously looking for opportunities outside the UAE. Once we identify an opportunity which would make sense to us and becomes capital-accretive, we would definitely pursue it*,” Mohamed Abdel Bary was quoted as saying during an interview on 'Bloomberg TV' this morning, adding that “*Nothing is off the table and we are at the forefront when it comes to opportunities outside the UAE and inorganic as well.*”

Bahrain Unveils Economic Recovery Program.

The Bahrain government released details of its new economic growth and fiscal balance program yesterday. The plan includes attracting US\$30 bio of investment into strategic projects, regulatory and labour market reforms, the prioritization of six sectors (energy, tourism, logistics, financial services, telecommunications and digital technology), raising the VAT rate to 10% and balancing the country's budget by 2024. You can access the full official statement detailing these steps [here](#).

KSA Records A Budget Surplus In Q3 2021.

Saudi Arabia posted a budget surplus of SAR 6.70 bio during the third-quarter of this year, driven by a sharp rise in both oil and non-oil revenues. Meanwhile the Kingdom's net foreign assets held by SAMA rose to US\$448.10 bio in September which is equal to more than 27 months of import cover.

Egypt Keeps Interest Rates On Hold.

The Central Bank of Egypt kept its key interest rates unchanged for the 8th time in a row following last week's regular monetary policy meeting, a decision that was generally expected. In separate news, Egypt's Ministry

of Finance announced yesterday that Saudi Arabia has placed US\$3 bio on deposit with the CBE and extended the term of US\$2.30 bio in its existing deposits according to 'Reuters.'

Genoil Seals Major Refining Contract In Saudi Arabia.

Genoil Inc has won the contract to develop a US\$5 bio greenfield upgrader complex with the capacity to process up to 600,000 barrels of crude per day. According to Genoil's website, the Beijing Petrochemical Engineering Company has been appointed to perform a detailed feasibility study, the Front-End Engineering Design, to do the project management and act as project EPC contractor.

Doosan Wins Nuclear Maintenance Contract In Abu Dhabi.

According to the 'Nuclear Engineering International' website, Doosan Heavy Industries & Construction recently signed a maintenance service agreement with the Nawah Energy Company for unit 1 at the Barakah nuclear power plant facility.

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	1/3	2/5	4/7	7/10	10/15	45/65
USD/SAR	3.7510/12	8/13	13/18	17/22	32/37	47/52	65/70	155/175
USD/KWD	0.30170/190	18/23	35/45	54/64	105/125	155/175	207/227	275/375
USD/OMR	0.38497/502	5/15	15/25	25/40	60/75	110/130	170/200	400/500
USD/BHD	0.37699/704	16/21	25/40	45/60	90/120	140/170	200/230	375/525
USD/MAD	9.0600/0900	50/150	100/200	250/400	500/700	800/1100	1000/1500	2500/4500
USD/EGP NDF	15.7105	15.82/15.86	15.95/16.00	16.10/16.15	16.52/16.57	16.96/17.01	17.44/17.49	-
USD/JOD	0.7080/85	30/80	50/150	100/200	250/450	400/700	500/900	700/1700
USD/NGN NDF	413.95	424.00/430.00	434.00/440.00	440.00/446.00	455.00/461.00	465.00/475.00	478.00/488.00	(NAFEX)
USD/GHS NDF	6.0750	6.1500/6.2000	6.2600/6.3100	6.3500/6.4000	6.6000/6.7000	6.8800/6.9800	7.2000/7.3000	-
USD/TND	2.8250/8550	150/350	300/700	500/1000	600/1600	1200/2200	1700/3000	4000/6000
Crude Oil	Futures							
WTI	82.90							
Brent	83.20							

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

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+25/31	+28/34	+34/40	+40/46	+43/49	+46/52	+51/57	+62/68
SAR SPREAD	+69/75	+76/82	+81/87	+85/91	+90/96	+96/102	+107/113	+127/133

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

AND FINALLY...

Did you know that many plastics, ammonia, perfumes, and even bubble gum are synthesized using petroleum products obtained during the crude oil refining process?

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