

Market Insights & Strategy

Global Markets

8th October 2021

MIDDLE EAST & AFRICAN MONITOR

- **Conflicting Talk Over Potential Release Of US Oil Reserves.**
- **UAE Targets Net-Zero Emissions By 2050.**
- **Iran Appoints New CB Governor.**
- **Nigeria Looks To Increase Public Spending By 25%.**
- **World Bank Releases Latest Economic Report On Egypt.**
- **Egypt To Provide Gas Supplies To Lebanon.**
- **Kuwait Plans To Merge Government Departments.**
- **Ghana Port Aims To Become Major West African Hub.**
- **Investcorp Expands Its US Property Portfolio.**
- **Angola Airlines 'Must Be Restructured' – CEO**

REGIONAL COMMENTARY

Conflicting Talk Over Potential Release Of US Oil Reserves.

Earlier this week, the US Energy Secretary, Jennifer Granholm, publically suggested that her department was considering the release of some of the country's strategic oil reserves in an attempt to cool prices at the pump, after the OPEC+ grouping decided not to amend its current output plans on Monday. *"Everybody was hoping that there would be additional supply made available so that prices would not be jacked up,"* Granholm stated, adding that the release of US crude reserves was *"a tool that's under consideration."* These comments, combined with confirmation of another small rise in US commercial crude inventories last week saw Brent briefly edge back below the US\$80 level. However, prices rebounded sharply again overnight, after a 'Bloomberg' journalist tweeted that the US Energy Department was now stating that it has no plans *"at this time"* to tap into its strategic oil reserves. This position has not been officially confirmed at the time of writing and a later 'Reuters' article quoted an unnamed DOE official saying that the tweet *"was not accurate."* If the US did release some of its reserves, it would obviously only provide the market with a temporary reprieve, but if it was combined with improved gas flows into Europe from Russia (as President Putin has reportedly promised) then it may be enough to dampen the current short-term concerns over supply. Around 40% of Europe's gas supplies come from Russia, but according to ICIS LNG Analytics, from September to October 2021, volumes to North-West Europe dropped by almost 17%.

UAE Targets Net-Zero Emissions By 2050.

The UAE announced yesterday, that it will invest more than US\$160 bio into renewable energy sources over the next three decades in order to reach a net zero emissions target by 2050. The 'UAE Net Zero by 2050 Strategic Initiative', was unveiled at the Dubai Expo and is the first such plan to 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

officially undertaken by a country in the Gulf region and a major oil producer. The chairman of Abu Dhabi's Department of Energy, Awaidha Murshed Al Marar, was quoted as saying that this *"announcement is a significant milestone that reflects a long-term dedication to sustainable economic development and to the tenets of the 2015 Paris Agreement on Climate Change,"* adding that, *"In just five years Abu Dhabi will be producing almost 55% of its electricity from clean sources, halving the CO2 emissions associated with the power sector."* The news was also welcomed by the UN Secretary General's office, which said in a statement that, *"We very much welcome this very important announcement and the Secretary General looks forward to the UAE submitting as soon as possible a new nationally determined contribution in line with this ambitious goal that the government set for itself. We encourage other states in the Gulf to follow this example, especially ahead of the Cop-26 climate talks in Glasgow,"* the statement read. You can access more details on this topic [here](#).

Iran Appoints New CB Governor.

According to various media reports, Akbar Komijani, who was only promoted to the position of Governor at Iran's Central Bank in July this year, has been replaced by Ali Salehabadi. The incoming CBI governor has a PhD in Financial Management and previously served as the CEO of the Export Development Bank of Iran and was in charge of the country's capital markets regulatory body between 2006 and 2014. Following his appointment, the Iranian President Ebrahim Raisi, reportedly stated that *"The role of the Central Bank in preserving the value of the national currency and controlling inflation is very fundamental."* The country's weak economic situation has worsened in recent years due to the impact of both US sanctions (which were re-imposed in 2018) and COVID-19, with inflation now estimated to be around 45% while the local currency has lost more than 70% of its value against the US dollar over the past three years.

Nigeria Looks To Increase Public Spending By 25%.

Nigeria's President Buhari has unveiled a record NGN 16.39 trillion budget for 2022. This budget is based on an average crude oil price of US\$57 per barrel, a USD/NGN exchange rate of 410.15 and a production estimate of 1.88 mio bpd. The projected 25% y/y increase in government spending will of course widen the deficit, but this the President said would be funded by new borrowing, proceeds from privatizations and a drawdown on loans secured for specific projects *"Some have expressed concern over our resort to borrowing to finance our fiscal gaps. They are right to be concerned. However, we believe that the debt level of the Federal Government is still within sustainable limits. Borrowings are to specific strategic projects and can be verified publicly."* Buhari was quoted as saying by the 'Premium Times' news outlet yesterday.

World Bank Releases Latest Economic Report On Egypt.

In the latest edition of the World Bank's 'Economic Update on Egypt' which was published yesterday, the bank expects the country's real GDP growth to reach 5.00% in the fiscal year 2021/22 and 5.50% in 2022/23. The report also suggested that Egypt's *"debt-to-GDP ratio should resume its downward path, with the continued fiscal consolidation and as the need for external borrowing declines in tandem with the improving foreign-income sources, as the pandemic gradually abates."* You can access the full WB report [here](#).

Egypt To Provide Gas Supplies To Lebanon.

Egypt is preparing to begin supplying gas to Lebanon in an attempt to ease the latter's ongoing power crisis. The deal, which was announced last month forms part of a US backed plan and will see Egypt supply natural gas to Lebanon via an existing pipeline which passes through both Jordan and Syria. *"Egypt offered helping in the energy sector through the possibility of offering extra quantities of gas. God willing, we can finish the measures related to the deal within the few coming weeks,"* the Egyptian Petroleum Minister, Tarek El Molla, was quoted as saying by the 'Asharq Al-Awsat' media outlet earlier this week. Egypt is the second-biggest producer of gas in North Africa after Algeria.

Kuwait Plans To Merge Government Departments.

According to a report recently published by the 'Al Qabas' newspaper, Kuwait is preparing to merge several government departments as part of a major restructuring effort which will begin next year. This plan purportedly includes combining the electricity, water and oil ministries together to form the Ministry of Energy as well as the establishment of a single Economy and Commerce Ministry. Other potential steps to taken will be a broad review of the country's laws governing investment, foreign ownership, bankruptcy as well as the simplification

and digitization of the commercial registration process, together with a streamlining of credit procedures. You can read more on this story [here](#).

Ghana Port Aims To Become Major West African Hub.

The port of Tema, which is Ghana's largest, is seeking to become a leading West African logistics hub as it pushes forward with phase two of its US\$1.50 bio expansion project. *"It has been an exciting time for the port of Tema as we build and grow to meet national and regional demand. We are part way through an exciting long term expansion plan including the construction of a 3.5 TEU container terminal and logistics hub. This ambitious project will transform and modernize the port, thus ensuring that we achieve our aim of becoming a regional transshipment hub and leading West African gateway,"* the Director of the Port was quoted as saying by the 'Logistics Update Africa' magazine in 2019 prior to the completion of phase one of the project which occurred ahead of schedule in April last year.

Investcorp Expands Its US Property Portfolio.

The Bahrain-based alternative investment firm Investcorp, announced yesterday that it had acquired 89 industrial properties worth \$380 million in the United States. These latest purchases expand the company's industrial real estate footprint in the US to 27 million square-feet and which is worth an estimated US\$2.80 bio, according to the 'Arabian Business' website. *"Over the past few years, we have continued to successfully execute Investcorp's strategy to acquire assets with what we believe to be strong cash flows, solid fundamentals and additional upside potential through active asset management. We are seeing a strong demand for industrial and logistics real estate due to the increased demand for e-commerce, and we are pleased to expand our US industrial portfolio with these acquisitions,"* an Investcorp real estate specialist was quoted as saying.

Angola Airlines 'Must Be Restructured' – CEO

Angola's flag-carrier TAAG must undergo a major restructuring and reduce its workforce by a third in order to stay viable, the airline's CEO was quoted as saying this week by 'Aviation Week'. TAAG normally carries an average of 1.5 million passengers per year, but recorded a drastic drop in traffic last year, with losses in revenue reportedly reaching up to US\$270 million according to the 'Travel News Africa' website. With the recovery of the regional travel sector still slow and fragile, together with high taxes and fuel prices the airline continues to face major headwinds.

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/+1.5	Par/+2	0.5/2.5	2/5	4/9	8/13	35/55
USD/SAR	3.7502/05	11/14	18/23	22/27	40/45	58/68	78/88	150/170
USD/KWD	0.30155/175	17/22	34/44	50/60	108/118	153/173	195/225	285/385
USD/OMR	0.38494/499	5/15	17/27	25/40	65/80	100/130	165/195	420/520
USD/BHD	0.37696/701	15/20	28/38	47/57	90/120	150/180	200/250	360/460
USD/MAD	9.0100/9.0400	50/150	100/200	250/400	500/700	800/1100	1000/1500	2500/4500
USD/EGP NDF	15.7116	15.84/15.89	15.98/16.03	16.13/16.18	16.54/16.59	17.00/17.05	17.47/17.52	-
USD/JOD	0.7079/84	30/80	50/150	100/200	250/450	400/700	500/900	700/1700
USD/NGN NDF	412.71	417.00/422.00	422.50/427.50	427.00/432.00	440.00/450.00	452.00/462.00	465.00/475.00	(NAFEX)
USD/GHS NDF	6.0700	6.1700/6.2200	6.2600/6.3100	6.3600/6.4100	6.6000/6.7000	6.8700/6.9700	7.1700/7.2700	-
USD/TND	2.8150/2.8450	150/350	300/700	500/1000	600/1600	1200/2200	1700/3000	4000/6000
Crude Oil	Futures							
WTI	79.00							
Brent	82.60							

**** (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	+68/74	+73/79	+81/87	+86/92	+90/96	+96/102	+108/114	+127/133

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

AND FINALLY...

Did you know that there are just an estimated two thousand specimens of Red colobus monkeys left in the world, and all of them can only be found in Zanzibar?

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.