

# Market Insights & Strategy

Global Markets

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## MIDDLE EAST & AFRICAN MONITOR

- **Europe's Energy Crisis Highlights Challenges Posed By Switch To Renewables.**
- **Oil Production In The Gulf Of Mexico Still Partially Disrupted.**
- **Iran Says It Expects JCPOA Talks To Restart Soon.**
- **Algeria Shuts Its Airspace To Moroccan Aircraft.**
- **Lebanon's Power Supplies On Edge Of A Precipice.**
- **Nigeria Raises US\$4 Bio Via Eurobond Issuance.**
- **Emirates Airlines Introduces IATA Travel Pass.**
- **Dubai Named 'World's Most Resilient City'.**
- **Petrofac Wins EPCC Contract In Bahrain.**
- **SEAB Signs Refinery Deal In Iraq.**

### REGIONAL COMMENTARY

#### ***Europe's Energy Crisis Highlights Challenges Posed By Switch To Renewables.***

The ongoing energy crisis in the UK and Europe has been triggered in part, by their active shift in recent years towards relying on more green sources of power such as wind and solar. Unfortunately, as these sources are directly affected by weather pattern changes, (such as lower wind strength than usual across the UK this year), the grid is forced to rely more heavily on whatever conventional energy resources each country still has access to, which in this case are historically low reserves of gas whose price has consequently rocketed. The situation will also have a knock-on effect on already high food prices, because, as outlined in our previous commentary, fertilizer manufacturers are being forced to shut down due to soaring gas prices. This issue was eloquently highlighted by the well-known analyst David Messler, in his latest opinion piece which was published on the 'Oil Price.com' website. In the article Messler stated that: "*Lost in the climate debate is the subject of fertilizer. Gas is used to make ammonia which in turn is used to make nitrate fertilizers. If you want to grow crops with maximum yields, or just grow them at all, you need fertilizer. And, no-there is no workaround to this century-old process known as the Haber-Bosch process, which removes hydrogen from methane the principal component of natural gas. You can't plug a wind farm into a cornfield and grow corn. You must apply fertilizer, and, to get that you need gas*". Meanwhile, the CEO of Baker Hughes, Lorenzo Simonelli, said during a recent interview with CNBC that "*A lot of people are seeing what's happening in Europe and it's bringing to light the important discussion around the energy transition, and the importance that we have around gas as well. There's plenty of gas around the world, there's plenty of energy available, It's a question of*

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*bringing it to the market," he stated adding that, "We think there's three hard truths. Firstly, we've got to work together, accelerate the move towards decarbonization and also eliminating emissions. Secondly, hydrocarbons are here to stay and natural gas, in fact, is a key element. And thirdly, we've got to do it together, collaborate and actually adopt the new technologies that are available."*

### ***Oil Production In The Gulf Of Mexico Still Partially Disrupted.***

Oil prices have returned to the highs achieved back in July this year, following confirmation of another sharp drop in US crude inventories last week, the FED's advance notice of its tapering intention and the news that almost 300,000 bpd of the Gulf of Mexico's output remains offline. Meanwhile, Iraq's Oil Minister said on Wednesday that OPEC+ *"hopes to maintain the oil price at more than US\$65 per barrel"* and added that whilst oil demand could rise further if the supply crunch in the gas market continues, his country was ready to pump out more barrels should consumption demand warrant it. *"If there is agreement within OPEC, we will be ready,"* the minister was quoted as saying by 'Bloomberg'.

### ***Iran Says It Expects JCPOA Talks To Restart Soon.***

A spokesperson for Iran's Foreign Ministry stated on Tuesday, that he expects indirect talks with the US over a return to the JCPOA to resume soon. *"Every meeting requires prior coordination and the preparation of an agenda. As previously emphasized, the Vienna talks will resume soon and over the next few weeks,"* Saeed Khatibzadeh was quoted as saying by 'NBC News'. However, an unnamed senior US State Department official reportedly claimed yesterday that Tehran had not officially confirmed that it was willing to resume negotiations in Vienna yet. *"We're still interested. We still want to come back to the table. The window of opportunity is open. It won't be open forever if Iran takes a different course,"* the official was quoted as saying by 'NDTV'.

### ***Algeria Shuts Its Airspace To Moroccan Aircraft.***

The diplomatic dispute between Algiers and Rabat appears far from being resolved, after Algeria announced that it was closing its airspace to all Moroccan aircraft earlier this week. A statement issued by the Algerian President's office said that the country's *"Supreme Security Council had decided to close the country's airspace to all Moroccan civil and military aircraft, in view of the continued provocations and hostile practices on the Moroccan side."* You can read more on this latest development [here](#).

### ***Lebanon's Power Supplies On Edge Of A Precipice.***

Lebanon's state-owned electricity provider has warned that the country could experience a complete loss of power by the end of this month due to the ongoing fuel shortage. *"The network already experienced total power cuts across the country seven times and if this continues there is a high risk of reaching total and complete power cut by the end of September,"* EDL announced yesterday.

### ***Nigeria Raises US\$4 Bio Via Eurobond Issuance.***

Nigeria successfully raised US\$4 bio via its latest Eurobond issuance which was conducted earlier this week. The country's Debt Management Office said that overall investor demand for the paper was US\$12.20 bio. The bond was sold in three tranches: US\$1.25 bio in 7Y at 6.125%, US\$1.50 bio in 12Y at 7.375% and a 30Y tranche of \$1.25 bio at 8.25% according to 'Reuters'.

### ***Emirates Airlines Introduces IATA Travel Pass.***

Emirates Airlines has become the first carrier to implement IATA's travel pass across six continents. *"Emirates continues to invest in technology and solutions, like IATA travel pass, so that we can deliver smooth journeys and contactless experiences for our customers while enabling our airport teams to handle document checks efficiently and in compliance with regulatory requirements,"* the airline's COO was quoted as saying by 'The National' newspaper.

### ***Dubai Named 'World's Most Resilient City'.***

The UN Office for Disaster Risk Reduction has ranked Dubai as the world's number one city in terms of resilience. This was decided after the UN analyzed a total of 56 cities which in turn had been shortlisted out of an initial 4,357 competing cities. The UN's analysis considered '10 Essentials for Making Cities Resilient', 117 indicator criteria, and a number of requirements and conditions. You can read more on this topic [here](#).

### **Petrofac Wins EPCC Contract In Bahrain.**

The UK based oilfield services firm, Petrofac, has been awarded an engineering, procurement, construction and commissioning gas pipeline contract in Bahrain which includes fibre optic cabling, according to the 'Oil & Gas Middle East' website.

### **SEAB Signs Refinery Deal In Iraq.**

The Swedish based SEAB energy solutions firm and Turkey's LIMAK have signed an initial agreement with Iraq's state-owned North Refineries Company to develop a 70,000 bpd heavy crude refinery in the Middle Eastern country, according to 'S&P Global Platts'.

### **FX/RATES & CRUDE MARKETS:**

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Currency	Spot	1M	2M	3M	6M	9M	12M	2Y
USD/AED	3.67295/305	Par/+1	Par/+2	0.5/2.5	1/4	3/8	5/10	35/55
USD/SAR	3.7507/10	9/12	18/23	25/30	47/57	68/78	75/85	150/180
USD/KWD	0.30090/110	14/19	30/40	50/60	108/118	160/180	210/240	280/380
USD/OMR	0.38498/501	7/12	15/25	20/35	55/70	90/120	150/180	420/520
USD/BHD	0.37690/700	27/32	50/60	70/80	135/155	195/225	260/290	380/480
USD/MAD	8.9800/9000	50/150	100/200	250/400	500/700	800/1100	1000/1500	2500/4500
USD/EGP NDF	15.7125	15.82/15.87	15.92/15.97	16.06/16.11	16.43/16.48	16.83/16.87	17.22/1.27	-
USD/JOD	0.7078/83	30/80	50/150	100/200	250/450	400/700	500/900	700/1700
USD/NGN NDF	412.43	417.00/422.00	423.00/428.00	427.50/432.50	439.00/446.00	450.00/460.00	463.00/473.00	(NAFEX)
USD/GHS NDF	6.0250	6.04/6.09	6.11/6.17	6.16/6.22	6.32/6.42	6.51/6.61	6.70/6.85	-
USD/TND	2.7950/8150	150/350	300/700	500/1000	600/1600	1200/2200	1700/3000	4000/6000
<b>Crude Oil</b>	<b>Futures</b>							
WTI	73.30							
Brent	77.40							

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

### **AED AND SAR IRS SPREADS**

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+23/29	+28/34	+35/41	+38/44	+40/46	+46/52	+48/54	+58/64
SAR SPREAD	+69/75	+73/79	+81/87	+85/91	+91/97	+97/103	+107/113	+124/130

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

### **AND FINALLY...**

*Did you know that natural gas in its pure state is odorless?*

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