

# Market Insights & Strategy

Global Markets

1<sup>st</sup> August 2022



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### REGIONAL COMMENTARY

#### **All Eyes On Upcoming OPEC+ Meeting.**

The next scheduled OPEC+ meeting is due to take place this Wednesday, with some US officials indicating that they remain optimistic that the group will agree to raise their overall oil production again. *"We are optimistic based on the conversations we had about this next OPEC+ meeting. We think that, obviously, additional supply would certainly help even further stabilize the market and potentially bring prices down,"* an unnamed senior White House official was quoted as saying late last week, by 'Zawya'. Benchmark crude prices have begun the week slightly softer ahead of this meeting due to profit-taking and also a lower manufacturing PMI number out of China for June. Meanwhile, ongoing discussions by the G7 nations over a potential price cap on Russian oil exports has not appeared to have made much progress yet, which is not really surprising considering the obvious difficulties on enforcing such a proposed cap.

#### **US Remains World's Number One Crude Producer.**

According to the most recent EIA data, the US pumped out 12.10 mio bpd in the week ending July 22<sup>nd</sup>, retaining its position as the world's largest producer, followed by Saudi Arabia and Russia. Meanwhile, the US also became the leading exporter of LNG during the first half of this year, averaging 11.20 bio cubic feet per day, a 12% jump compared to the same period in 2021. Most of these LNG exports were destined for the UK and EU to compensate for the fall in Russian imports.

#### **Protestors Storm Iraq's Parliament Building.**

For the second time in less than a week, supporters of the Iraqi cleric Muqtada al-Sadr, stormed the country's parliament building again this past weekend in apparent protest over the nomination of Mohammed

al-Sudani for the post of Prime Minister. These latest demonstrations come ten months after Iraq's last general election, during which time political wrangling has as yet failed to lead to the formation of a new government. Although the political alliance led by Al-Sadr won the most parliamentary seats at last year's election, they were unable to garner the two-thirds needed to choose the next President, and so in June the populist cleric decided to exit talks on the formation of government and called on MPs loyal to him to withdraw from parliament. Iraq is OPEC's second largest producer pumping out just over 4.50 mio bpd last month.

#### **Iran Says Nuclear Talks Will Resume Soon.**

An Iranian MP and member of the country's National Security and Foreign Policy Committee, Yaghoub Rezazadeh, claimed yesterday that indirect talks with the US aimed at reviving the JCPOA accord, are likely to resume in the coming days following fresh intervention by the EU. His comments came after a meeting with Iran's chief nuclear negotiator Ali Bagheri-Kani, who tweeted on Sunday that *"We stand ready to conclude the negotiations in a short order, should the other side be ready to do the same."*

#### **Egypt Approaches UNSC Over Ethiopian Dam Dispute.**

Egypt lodged a formal protest to the UN Security Council last Friday, in protest over Ethiopia's plan to proceed with its third filling of its Grand Renaissance Dam which lies across the Nile river. Both Sudan and Egypt have been in dispute with Ethiopia over the US\$4.60 bio hydroelectric dam project for more than ten years, over fears it will negatively impact the two downstream countries supplies of fresh water. Meanwhile, a specialist in international river disputes and a member of the American Society of International Law, Mohamed Mahmoud Mahran, called on the UN to intervene quickly in order to try and find a permanent solution to this dispute. *"The Renaissance Dam threatens the lives of over 150 million Sudanese and Egyptian citizens. If no agreement is reached and Ethiopia acts unilaterally, and if the UNSC doesn't intervene, it could lead to unprecedented scenarios and spark a regional war,"* Mahran, was quoted as saying by the 'Arab News' website. The US is also keen for a peaceful resolution to the issue, and recently dispatched its new envoy in the region, Mike Hammer, to Cairo and Addis Ababa for talks. *"We are actively engaged in supporting a diplomatic way forward under the African Union's auspices that arrives at an agreement that provides for the long-term needs of every citizen along the Nile,"* Hammer stated on Friday according to the 'Al Arabiya' media outlet.

#### **Saudi Arabia Reports 11.80% GDP Growth In Q2 2022.**

Saudi Arabia recorded GDP growth of 11.80% y/y during the second quarter of this year, according to initial data released by the Kingdom's official statistics agency. *"This dynamic growth was mainly due to the increasing in oil activities by 23.10 %,"* the General Authority for Statistics said in a statement, adding that the Gulf country's non-oil economic activity grew by 5.40% and government services by 2.20%, compared to the same period last year. The IMF expects the Saudi Arabian economy to expand by 7.60% in 2022.

#### **Zambia's Creditors Agree On Debt Relief Program.**

Zambia's main creditors (including China) have agreed to negotiate a restructuring of the sub-Saharan country's debts, and this in turn should unlock a US\$1.40 bio IMF program. *"The delivery of these financing assurances will enable the IMF Executive Board to consider approval of a Fund-supported program for Zambia and unlock much needed financing from Zambia's development partners,"* the IMF's Managing Director, Kristalina Georgieva, stated this past weekend.

#### **India & Egypt Sign US\$8 Bio MOU.**

India's ReNew Power, has reportedly signed a preliminary agreement with the Egyptian government to invest up to US\$8 bio to explore, build and develop a major green hydrogen complex within the Suez Canal Economic Zone. The first phase of this project will be undertaken during 2023-2025, with US\$710 mio allocated to produce 100,000 tons of green ammonia and 20,000 tons of green hydrogen. Capacity developed in the second phase aims to produce 200,000 tons of green hydrogen and one million tons of green ammonia by 2029 with an overall estimated investment of more than US\$7.14 bio, according to the 'Greencarcongress' website. You can access more details on this project [here](#).

### ADNOC & Total-Energies Seal Partnership Agreement.

ADNOC recently signed a partnership agreement with France's TotalEnergies, which includes the development of oil and gas projects with in the UAE, as well as cooperation in carbon capture, utilization and storage. "Under the terms of the agreement, ADNOC and TotalEnergies will explore opportunities to collaborate in areas of mutual interest including in gas growth, carbon capture utilization and storage, trading and product supply," a statement issued by ADNOC read.

### Emirates Reduces Flights To Nigeria Over Blocked Funds.

Dubai based Emirates Airlines, has reportedly decided to reduce its number of weekly flights to Nigeria due to ongoing difficulties in repatriating its revenues from the West African country. "With effect from 15 August 2022, Emirates will be forced to reduce flights from Dubai to Lagos from 11 per week to 7 per week. We have had no choice but to take this action, to mitigate the continued losses Emirates is experiencing as a result of funds being blocked in Nigeria," a letter sent by the airline to Nigeria's Aviation Ministry last month allegedly read, according to the 'Premium Times' newspaper. A global 'Bilateral Air Service Agreement' means that air tickets are mostly sold in Nigerian Naira and then airlines apply to repatriate these funds in US dollars via the country's central bank. IATA suggested in June this year that an estimated US\$450 mio worth of revenue belonging to foreign airlines is awaiting repatriation from Nigeria. You can read more details on this topic [here](#).

### ADNOC Acquires Zakher Marine International.

ADNOC's Logistics & Services arm has announced that it is acquiring Zakher Marine International, an Abu Dhabi-based owner and operator of offshore support vessels, with the world's largest fleet of self-propelled jack-up barges. Although Zakher will reportedly continue to operate as a standalone entity under ADNOC, according to the 'Gulf Business' news site.

### 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	-2/+1	-3/Par	-4/-1	-8/-3	-9/-4	-12/-5	05/35
USD/SAR	3.7552/62	-8/-3	-20/-15	-30/-25	-55/-45	-60/-50	-60/-50	-15/+25
USD/KWD	0.30630/680	-9/-4	-12/-2	-15/-5	-25/-15	-40/-20	-50/-30	-40/+40
USD/OMR	0.38499/504	-3/+2	-1/+4	Par/+10	05/25	18/33	30/50	100/250
USD/BHD	0.37698/703	17/27	30/45	40/60	80/100	120/140	160/190	270/470
USD/MAD	10.2700/2900	50/150	100/300	150/450	400/800	600/1200	700/1700	1200/3200
USD/EGP NDF	18.9338	19.65/19.95	20.15/20.45	20.65/20.95	21.78/22.13	22.60/23.00	23.65/24.05	-
USD/JOD	0.7095/7100	40/140	70/170	200/400	400/700	550/950	700/1200	800/1800
USD/NGN NDF	427.17	429.20/433.20	435.00/440.00	441.00/451.00	459.00/469.00	480.20/490.20	500.00/510.00	(NAFEX)
USD/GHS NDF	8.5200	8.7900/8.8900	8.9700/9.1200	9.1700/9.3200	9.7200/9.9200	10.1800/10.5300	10.6700/11.0000	-
USD/TND	3.1250/1550	125/325	300/600	650/1250	1000/2500	2000/4000	3000/5000	4000/6000
<b>Crude Oil</b>	<b>Futures</b>							
WTI	\$97.25							
Brent	\$102.90							

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

### AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	-1/+9	+2/12	+13/23	+26/36	+34/43	+38/48	+47/55	+65/75
SAR SPREAD	+59/69	+67/75	+78/82	+87/92	+96/106	+104/110	+111/116	+125/131

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

### AND FINALLY...

Did you know that a 170-carat pink diamond recently unearthed in Angola, is the largest of its kind to be found in the past 300 years?

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