

Market Insights & Strategy

Global Markets

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MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

Russian Oil Price Cap Effective From Today.

The European Union finally managed to resolve an internal disagreement over the level of a price cap on Russian oil imports late last week, and thus the new embargo comes into effect from today at an initial cap of US\$60 FOB. However, a recent Bloomberg strategy [piece](#) claimed that Urals grade oil was trading around US\$52 at the main export terminal last week. This large discount to Brent is due in part to record high freight rates for tankers transporting Russian crude and, although Moscow has warned that it won't sell its oil to any country that participates in the price cap, China and India already make up more than 65% of Russia's total seaborne crude exports. Meanwhile, the European Council also said in a [statement](#), that there is "a transition period of 45 days for vessels carrying crude oil originating in Russia, purchased and loaded onto the vessel prior to 5 December 2022 and unloaded at the final port of destination prior to 19 January 2023." Therefore, all eyes will now be on Urals contract orders for January and February to see how much impact this embargo will have on future Russian oil exports, although initial indications suggest that the overall effect on global crude supplies may not be too significant.

OPEC Leaves Output Quotas Unchanged.

At its final scheduled meeting for the year which was held yesterday, the OPEC+ grouping again described its October production cut decision as "necessary and the right course of action." It also confirmed that the current output quotas would be left unchanged, despite the imposition of a new western embargo on Russian oil and fuel exports. The only adjustment made, was that its Joint Ministerial Monitoring Committee would now meet every two months instead of monthly, although the group added that it could be reconvened "at any time to address market developments if necessary."

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Florida Pulls US\$2 Bio From Blackrock Due To 'Climate Agenda'.

Florida's Republican Governor, Ron DeSantis, has hailed a decision by the state's administrative board to adopt his proposal to ban the consideration of "social, political or ideological interests" when making investment decisions for the Florida pension fund. This has resulted in the news that Florida's Treasury will remove BlackRock as manager of its \$600 million in short-term investments and US\$1.43 bio in long-term securities from 2023. *"Corporate power has increasingly been utilized to impose an ideological agenda on the American people through the perversion of financial investment priorities under the euphemistic banners of environmental, social and corporate governance and diversity, inclusion and equity,"* DeSantis was quoted as saying by the 'New York Times' newspaper.

Questions Surround Future Of Iran's Morality Police.

Iran's Attorney-General appeared to suggest this past weekend that the country's 'morality police' were set to be disbanded. *"Morality police have nothing to do with the judiciary. It was abolished from the same place it was launched. Of course, the judiciary will continue to monitor society's behavior,"* Mohammad Jafar Montazeri, was quoted as saying by various media outlets. However, this particular unit is controlled by the Interior Ministry not the judiciary, and the state-owned news channel 'Al -Alam' claimed yesterday, that *"No official in the Islamic Republic of Iran has confirmed the closure of the morality police."* It is also far from clear, if such a move would bring an end to months of protest action across Iran, which were initially triggered by the death of a 22-year-old woman after she had been detained by the morality police for not fully covering her hair. Meanwhile, the US Navy has confirmed its seizure of a large quantity of ammunition and rocket propellant from a fishing vessel, which had reportedly been attempting to smuggle this cargo from Iran to Yemen last Thursday. *"This significant interdiction clearly shows that Iran's unlawful transfer of lethal aid and destabilizing behavior continues,"* the US Navy's Vice Admiral Brad Cooper was quoted as saying by the 'Al Arabiya' news outlet.

Lebanon's Inflation Rate Hits 186%.

Inflation in Lebanon averaged 186.40% during the first ten-months of this year (compared to 150% in 2021) according to the country's official statistics agency. Meanwhile, Lebanon's ongoing political impasse looks set to continue, after MPs failed for the 8th time in a row to elect a new President. The first official meeting held by the interim government's cabinet in six-months is due to take place later today. But as a caretaker administration has limited constitutional powers, it's unlikely this meeting will focus on key economic reforms long called for by the IMF and other international lenders.

FITCH Upgrades Credit Rating On Tunisia To 'CCC+'.

Late last week, FITCH upgraded its Long-Term Foreign-Currency Issuer Default Rating on Tunisia from 'CCC' to 'CCC+', and removed the North African country's Long-Term IDRs from 'Under Criteria Observation'. The agency said in a statement, that this decision *"reflects Fitch's view that the Staff Level Agreement reached with the IMF for a new 48-month USD1.9 billion Extended Fund Facility will unlock large amounts of official creditor funding and support fiscal consolidation, despite uncertainty about continued adherence to the program. The IMF program aims to address Tunisia's main structural weaknesses (through revenue mobilization, control of the public wage bill, subsidies and public sector enterprise (SOEs) reforms) and will not require debt restructuring. Approval of the program by the IMF Board and indications of strong compliance could further support Tunisia's credit profile."* You can access the FITCH statement in full [here](#).

Egypt's PMI Level Slipped to 45.4 In November.

S&P's Purchasing Managers' Index for Egypt, fell to 45.4 last month from 47.7 in October its second lowest level since June 2020. In a statement, S&P said that *"Central to the downturn was a rapid decrease in business activity, as survey panelists reported that accelerated cost rises and falling new orders forced them to cut output,"* adding that *"concerns about high inflation, rising interest rates, currency weakness and a global economic slowdown remained dampeners on sentiment."*

Ghana Unveils Domestic Debt Swap.

The Ghanaian government has offered investors a local debt swap deal, in an attempt to avoid a default and improve its position in its ongoing talks with the IMF. According to the country's Finance Minister, this local debt exchange will begin today and would swap current debt for four new bonds maturing between 2027-2037. *"The annual coupon on all these new bonds will be set at 0% in 2023, 5% in 2024 and 10% from 2025 until maturity. There will be no haircut on the principals of bonds. Our commitment to Ghanaians and the investor*

community, in line with the negotiations with the IMF is to restore macroeconomic stability in the shortest possible time. These are difficult times and we count on the support of all Ghanaians and the investment community to make this exercise successful," the minister was quoted as saying yesterday by 'Zawya' and 'Bloomberg', adding that a foreign debt restructuring program would be presented at a later date.

Chinese Firm Wins Port Contract In UAE.

The China Harbour Engineering Company, has been awarded the contract to build 28 office and utility buildings at CMA Terminals Khalifa Port in Abu Dhabi, including a carbon neutral administrative facility, according to the 'Gulf News' website.

Duro Felguera Seals EPC Contract In Morocco.

Spain's Duro Felguera SA, has won a fixed price EPC contract for the construction of a new processing plant at the Zgounder silver mine in Morocco, according to the 'International Mining' 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	1/3	2/4	2/5	3/6	4/9	5/10	15/45
USD/SAR	3.7577/97	-6/+1	-4/+3	-4/+3	3/13	5/15	12/22	45/95
USD/KWD	0.30675/695	-65/-40	-100/-70	-115/-85	-160/-120	-160/-120	-160/-100	-150/-30
USD/OMR	0.38496/501	-10/Par	-15/Par	-15/+5	-20/+20	-5/+35	Par/+60	70/220
USD/BHD	0.37698/703	15/20	30/40	50/65	100/120	150/180	180/210	300/450
USD/MAD	10.5500/5800	-80/+80	-180/-20	-250/Par	-500/Par	-700/-100	-800/-100	-1500/Par
USD/EGP NDF	24.5883	25.50/25.65	25.95/26.10	26.25/26.40	27.20/27.35	28.20/28.35	29.25/29.40	-
USD/JOD	0.7097/7102	40/140	125/275	225/425	450/700	600/1000	700/1200	800/1800
USD/NGN NDF	444.50	450.00/455.00	464.00/469.00	478.00/483.00	517.00/527.00	557.00/569.00	592.00/604.00	(NAFEX)
USD/GHS NDF	14.1000	14.00/14.50	14.10/14.60	14.25/14.75	15.05/15.65	16.00/16.60	17.00/17.60	-
USD/TND	3.1800/2100	Par/100	20/150	25/275	200/800	500/1500	800/2300	2000/5000
Crude Oil	Futures							
WTI	\$80.55							
Brent	\$86.10							

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

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SOFR SPREAD	-2/+8	+4.5/14.5	+11/21	+21/31	+32/42	+39/49	+46/56	+58/68
SAR SOFR SPREAD	+63/73	+58/68	+68/78	+78/88	+88/98	+98/108	+107/117	+127/137

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

AND FINALLY...

Did you know that Tunisia is home to El Jem, one of the most ancient and best-preserved Roman ruins in the world?

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