

Market Insights & Strategy

Global Markets

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REGIONAL COMMENTARY

Positive Signs On Iran Talks But Market Remains Wary.

Various participants involved in the ongoing indirect talks between the US and Iran over a resumption of the JCPOA agreement, have indicated over the past few days that a deal could be reached soon. This in turn has led to some minor profit-taking by oil traders. However, just as talks entered their most critical stage this week, Iran's military unveiled a new long-range missile yesterday, which state TV reports claimed has a range of 1450km. This highlights the fact that any final accord remains a 50/50 bet and time is running short. If a real breakthrough is not made in the coming next few weeks then an agreement is probably back in the freezer for the rest of this year at the very least.

Six New Oil & Gas Fields In North Sea Could Be Approved Soon.

According to various UK media reports, six new oil and gas fields in the North Sea are expected to be given the greenlight by regulators this year despite the British government's existing plans to reduce carbon emissions. However such a move makes sense, especially if one considers the cost that COVID-19, Brexit and more recently the record spike in energy prices has had on the country's economy over the past two years. We have mentioned in previous commentaries that whilst the drive towards clean energy is one the world has to undertake for multiple reasons, (including climate change), but it must be done in a balanced manner with the support of fossil fuels, otherwise we risk major power disruptions and higher prices in the near to medium term which in turn could create severe socio-economic upheaval especially in more fragile states.

Russia Prepares To Sell More Gas To China.

As tensions over Ukraine remain high between Moscow and Washington, and the future of the Nord Stream 2 pipeline appears to remain in the balance, the Russian energy giant Gazprom and the China National

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Petroleum Corporation recently signed a fresh 30-year gas deal. This agreement will reportedly boost the annual amount of gas Russia sends to China by 10 billion cubic meters, and see the construction of a new LNG pipeline named 'Power of Siberia 2' which will run through Mongolia and into China's industrial regions. According to the 'Natural Gas Intelligence' site, Russia could also eventually deliver gas from its Pacific Island of Sakhalin via Gazprom's Sakhalin-Khabarovsk-Vladivostok pipeline to northeast China's Heilongjiang province. China overtook Japan as the world's largest importer of LNG last year.

Libya's PM Survives Assassination Attempt.

The head of Libya's 'Government of National Unity,' Abdul Hamid Dbeibeh, reportedly survived an assassination attempt early this morning, according to 'The National' newspaper. This incident comes ahead of a parliamentary vote (which is scheduled for later today), over potentially removing him as PM. Political tensions have been ratcheting up in Libya since the beginning of this year, with ongoing disagreement amongst various factions leading to last week's decision by parliament to suspend the holding of a general election this year.

Moody's Assigns A1 Rating To Saudi Arabia's PIF.

Moody's Investors Service, has assigned an A1 long-term issuer rating and an A1 Baseline Credit Assessment with a stable outlook, to Saudi Arabia's Public Investment Fund. *"Under the leadership of HRH Prince Mohammed bin Salman, achieving a credit rating is an important step for PIF as we continue to grow our investment portfolio and achieve our objectives, having paved the way through PIF's Strategy 2018-2020 and 2021-2025. Our rating is a significant achievement and a reflection of several factors, including our world-class governance, strong financial profile, and the diversity of our business and portfolio. This result will further enhance our access to international capital markets and continue to diversify our sources of funding which is in line with PIF's strategy,"* the Governor of the fund, Yasir Al-Rumayyan, was quoted as saying by the 'Saudi Press Agency' in response to the Moody's decision. You can access more on this announcement [here](#).

An Estimated 257,000 Expats Left Kuwait In 2021.

Around 257,000 expatriates reportedly left Kuwait permanently last year, of which 205,000 had been working in the private sector and 7,000 for government departments, according to the 'Al Qabas' newspaper. This was due in part to the impact of COVID-19, but also because of tighter immigration rules linked to the ongoing government drive aimed at reducing Kuwait's demographic imbalance by replacing foreign workers with Kuwaiti citizens across both the public and private sectors. This Kuwaitization policy was introduced in 2018, but as outlined in a recent article published in the 'Arab Times,' concerns are rising that it is leading to certain manpower shortages especially within the non-oil sector, and may threaten economic growth. You can access this latter article [here](#).

Egypt's GDP Growth In FY21/22 To Reach 5.50% - WB.

The Egyptian economy is now expected to expand by 5.50% in the 2021/22 fiscal year, according to the World Bank's latest report on the North African country. *"Under the baseline scenario that assumes a gradually improving COVID-19 situation, Egypt is expected to revert to its pre-pandemic growth path and push ahead with reforms to contain the budget deficit- and government debt-to-GDP ratios. The outlook still remains clouded by the global challenges related to disease variants and vaccine deployment. Similar to the global outlook, Egypt's near- and medium-term prospects depend, in large part, on the containment of the pandemic. The baseline scenario assumes that the vaccination process would accelerate both domestically and abroad, and reinstated lockdowns would be temporary, such that the overall COVID-stringy measures would be on a generally declining trend. Under this scenario, Egypt's growth would revert to its pre-pandemic path, reaching a pace of 5.50% in FY2021/22. While exports of goods and services are projected to continue recovering, external financing requirements are expected to remain rather elevated through FY2021/22—23, as imports are also forecast to increase in tandem with the resumption of growth in addition to the recent appreciation in the real exchange rate. Further, global financial conditions may tighten and in turn may raise the cost of foreign financing. On the fiscal front, the government debt-to-GDP ratio is expected to resume its downward path over the forecast horizon, especially as revenue mobilization improves gradually, in light of the recently approved Medium-Term Revenue Strategy,"* the WB report stated and you can access it in full [here](#).

Sumitomo Electric Signs US\$200 Mio Contract In UAE.

Sumitomo Electric Industries has been awarded the contract to deliver an underwater high-voltage direct current cable network for the Abu Dhabi National Oil Company, according to the 'Trade Arabia' website.

Nesma & Partners Win Major Engineering Contract in KSA.

The KSA based engineering company, Nesma & Partners has been awarded a SAR1.20 bio contract to construct a network of road tunnels, ramps and a major bridge deck that will form the principal interchange on Riyadh's Western Ring Road, according to the 'Construction Week Middle East' website. Once complete, this ring road will allow for easy traffic access between all Diriyah Gate zones and the capital city's arterial freeway system.

Geodrill Seals 5-Year Contract In Egypt.

The West African based exploration company, Geodrill, has won a major drilling contract at the Sukhari gold mine in Egypt. The five-year contract will see the company undertake 90,000m of underground drilling per annum, according to the 'Mining Technology' website.

FX/RATES & CRUDE MARKETS:

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Currency	Spot	1M	2M	3M	6M	9M	12M	2Y
USD/AED	3.67295/305	-1.5/Par	-2/Par	-3/Par	-1/+2	1/6	6/11	35/65
USD/SAR	3.7516/19	6/9	10/13	12/17	19/24	24/34	33/43	85/115
USD/KWD	0.30215/235	16/21	35/45	52/62	100/120	140/170	170/200	250/300
USD/OMR	0.38495/500	6/11	13/23	20/30	45/60	65/85	90/120	185/285
USD/BHD	0.37695/700	15/25	30/40	40/55	80/95	120/140	160/190	250/450
USD/MAD	9.2800/3100	150/350	200/400	300/600	650/1050	1000/1600	1200/2200	2000/4000
USD/EGP NDF	15.7148	15.78/15.83	15.90/15.95	16.02/16.07	16.43/16.48	16.86/17.01	17.33/17.38	-
USD/JOD	0.7085/95	30/80	50/150	100/200	250/450	400/700	500/900	700/1700
USD/NGN NDF	416.31	417.00/422.00	421.00/426.00	424.00/429.00	434.00/444.00	445.00/455.00	455.00/465.00	(NAFEX)
USD/GHS NDF	6.3500	6.5200/6.5700	6.6600/6.7100	6.7500/6.8000	7.0400/7.1400	7.3200/7.4700	7.6300/7.8000	-
USD/TND	2.8450/8750	150/350	300/700	500/1000	600/1600	1400/2000	2000/3000	4000/6000
Crude Oil		Futures						
WTI	\$89.50							
Brent	\$91.50							

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

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+35/39	+43/48	+50/55	+56/61	+62/67	+69/75	+77/84	+90/100
SAR SPREAD	+76/81	+84/88	+89/94	+93/97	+95/100	+101/107	+111/118	+126/136

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

AND FINALLY...

Did you know that the first terrestrial television broadcast signals in Africa occurred on Saturday October 31, 1959 and belonged to the Western Nigeria Television Service?

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