

# Market Insights & Strategy

Global Markets

22<sup>nd</sup> February 2022



## MIDDLE EAST & AFRICAN MONITOR

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### REGIONAL COMMENTARY

#### **Energy Prices Jump After Russia Recognizes Donetsk and Luhansk.**

Energy prices jumped overnight with natural gas up by 13% at one stage and oil edging ever closer to the US\$100 mark. This followed the decision by Russia, to officially recognize the separatist held Donetsk and Luhansk regions in Eastern Ukraine and to send troops there, in what President Putin claimed was a 'peacekeeping' mission. This move was roundly criticized by the US, UK, EU and others and new sanctions are now on the table. It also does not appear to us to be the beginning of the end of the crisis, especially as the risk of direct fighting between Ukrainian and Russian forces remains high. Saying that, the implementation of more severe sanctions on Russia, (such as the cancellation of the Nordstream-2 pipeline) which have been threatened by the West in recent weeks, are probably going to depend on whether or not Russian troops move further into Ukraine beyond the current 'line of contact'. But it does not rule out the chance of targeted sanctions on senior members of the Russian government and/or perhaps financial institutions, especially after the Russian Foreign Minister appeared to question Ukraine's sovereignty earlier today. "If we talk about the principle of sovereignty and territorial integrity, one of the key documents is the Declaration on Principles of International Law concerning Friendly Relations among Peoples. I don't think anyone can claim that the Ukrainian regime, since the 2014 coup d'état, represents all the people living on the territory of the Ukrainian state," Sergei Lavrov was quoted as saying by Reuters. Thus this still developing situation means that commodity prices such as oil, gas and wheat will remain elevated and volatile for the time being.

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### **Nigeria & Iraq See No Need To Raise Crude Output Just Yet.**

Iraq's Energy Minister, Ihsan Abdul Jabbar, has said that the ongoing OPEC+ strategy to slowly increase oil output in the coming months does not need to be adjusted despite the current high level of prices, as he anticipates additional supplies coming from non-OPEC producers this year and also potentially from Iran. *"The market will have more and more oil so we think there's no need to diverge from today's strategy. We will not create any growth to the commercial storage, we will secure all the demand by making the required supply,"* he was quoted as saying today by Bloomberg. His comments were supported by his Nigerian counterpart, Timpre Sylva, who stated, *"We won't do anything extraordinary at this time because we are expecting a lot of production. There's no need at all to bring on more barrels than the current plan."*

### **Attacks On Energy Sector Facilities Continue To Rise.**

In its latest 'Oil Security Sentinel' report, S&P Global Platts warned that oil facilities and electric power grids accounted for a large percentage of the major cyberattack incidents over the past five years, and that these sort of attacks were on the rise. The report also highlighted a sharp jump in the number of physical attacks on oil, energy and commodities related infrastructure, with 31 such incidents being verified by Platts in 2021 alone. You can read more on this topic [here](#).

### **KSA Preparing For Fresh Talks With Iran.**

Saudi Arabia's Foreign Minister, Prince Faisal bin Farhan, said on Saturday that his country was considering entering into a fresh round of direct talks with Iran despite a *"lack of substantive progress"* from previous discussions. He also added, that even if the separate and ongoing indirect negotiations between the US and Tehran over reviving the JCPOA nuclear accord succeed, Iran would still need to address its neighbours ongoing concerns over its activities in the region. The nuclear accord should be *"a starting point, not an end point"* and will *"require from our neighbors in Iran a serious desire to address the underlying issues that exist. We hope that there is a serious desire to find a new modus operandi. If we see substantive progress on those files, then yes rapprochement is possible. So far we have not seen that,"* the minister was quoted as saying by the Alarabiya media outlet.

### **Egypt Accuses Ethiopia Of Violating Commitments On Nile Dam.**

A statement issued by Egypt's Foreign Ministry, accuses Ethiopia of *"violating the commitments of the 2015 Declaration of Principles"* by unilaterally beginning electricity generation from the Grand Renaissance Dam yesterday. This position was echoed by Sudan, with an official there saying that, *"Sudan reasserts its rejection of all unilateral measures associated with the filling and operation of the dam,"* according to The National newspaper. Several rounds of trilateral talks have been held in recent years, in an attempt to find a solution to the satisfaction of all parties over the dam's use of water from the Blue Nile, but these negotiations have not yet managed to achieve a breakthrough.

### **Lebanese MPs Approve Bill To Facilitate CB Audit.**

The Lebanese parliament yesterday approved a range of draft bills including the extension of a law, which further lifts banking secrecy regulations and which in turn should help facilitate the completion of a forensic audit of the country's Central Bank. This move was one of the key demands made by creditors and potential international lenders. *"This law puts the forensic audit on the final track,"* the head of Lebanon's parliamentary finance committee, was quoted as saying by Al Arabiya.

### **Abu Dhabi Reports AED 71 Bio In Property Transactions Last Year.**

A statement, recently issued by Abu Dhabi's Department of Municipalities and Transport, says that there were 14,958 real estate transactions completed last year worth a total of AED 71.40 bio. The best performing areas in the Emirate were Yas Island, Reem Island and Saadiyat Island. *"The new results reflect Abu Dhabi's sustainable real estate development and ongoing attractiveness as a leading city for investment and living,"* the department's Executive Director of Real Estate was quoted as saying by The National newspaper.

### UAE-India Trade Pact Will Introduce New Visa Regime.

Under the recently signed Free-Trade Agreement between the UAE and India a new liberalized visa regime for Indian citizens will be introduced. According to the Economic Times newspaper, Indian business visitors entering the UAE will be granted a 90-day visa, whilst contractual service suppliers will be able to get extendable 90-day visas. Intra-corporate transferees will qualify for three-year visas. You can access more details on this topic [here](#).

### GFH Launches SUKUK Fund.

The Bahrain based investment bank, GFH Financial, has announced the rollout of a US\$100 mio diversified sukuk fund. "Global borrowers issued more than US\$23 billion of Sharia-compliant debt in 2021 and global sukuk supply is expected to accelerate in 2022. The GFH sukuk fund aims to capitalize on post-pandemic economic growth and recovery," the head of GFH's asset management arm was quoted as saying by The National newspaper.

### Kuwait Airways Orders More Passenger Jets.

Kuwait Airways has announced an expanded agreement with Airbus which sees its original order for 28 new aircraft rise to 31. "We have managed to agree on a monumental restructuring that will position Kuwait Airways in a much stronger place to succeed for the next 15 years," the airline's chairman Ali Al-Dukhan, was quoted as saying by the France-24 media outlet.

### 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	-1.5/Par	-2/Par	-2/Par	-2/+1	-2/+3	1/6	25/55
USD/SAR	3.7518/21	7/10	10/13	11/14	12/17	18/23	25/30	65/85
USD/KWD	0.30240/260	15/20	30/40	40/55	75/95	110/140	140/170	200/300
USD/OMR	0.38498/503	6/11	15/25	20/30	40/55	55/75	70/100	175/275
USD/BHD	0.37695/700	10/20	22/32	30/45	55/75	85/115	110/140	200/400
USD/MAD	9.4300/4600	150/350	200/400	300/600	650/1050	1000/1600	1200/2200	2000/4000
USD/EGP NDF	15.7150	15.79/15.84	15.91/15.96	16.02/16.07	16.40/16.45	16.80/16.85	17.24/17.29	-
USD/JOD	0.7085/95	30/80	50/150	100/200	250/450	400/700	500/900	700/1700
USD/NGN NDF	415.62	417.50/421.50	419.50/423.50	422.00/427.00	431.00/441.00	441.00/451.00	451.00/461.00	(NAFEX)
USD/GHS NDF	6.6200	6.7600/6.8100	6.9000/6.9500	7.0000/7.0500	7.2500/7.3500	7.5000/7.6500	7.8000/7.9500	-
USD/TND	2.8550/8850	150/350	300/700	500/1000	600/1600	1400/2000	2000/3000	4000/6000
<b>Crude Oil</b>	<b>Futures</b>							
WTI	\$94.85							
Brent	\$98.10							

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

### AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+34/38	+42/46	+51/55	+56/62	+63/68	+70/75	+78/83	+91/99
SAR SPREAD	+88/92	+94/98	+98/102	+101/106	+103/108	+108/114	+115/123	+135/143

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

### AND FINALLY...

An ancient stone board game dating back to 2000-2500BC has recently been found by archeologists in Oman.

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