

Market Insights & Strategy

Global Markets

18th July 2022

MIDDLE EAST & AFRICAN MONITOR

- Saudi Arabia's Crown Prince Warns About 'Unrealistic Emission Policies'.
- Number Of Active US Oil Rigs Edges Up Again – Chinese Refining Output Drops.
- New Head Of Libya's National Oil Company Announced.
- Russian President Due To Visit Iran This Week.
- High Oil & Gas Prices To Support GCC Growth Into 2023 – KPMG.
- S&P Raises Its Outlook On Kuwait.
- Inflation In Nigeria Hits Five-Year High.
- Egypt's FX Reserves Dip Again.
- Bidders Line-up For Bahrain's Metro Project.
- Dubai Attracts Most Tourism Related FDI In 2021.

REGIONAL COMMENTARY

Saudi Arabia's Crown Prince Warns About 'Unrealistic Emission Policies'.

Saudi Arabia's Crown Prince, Mohammed bin Salman, said during his speech in Jeddah this past weekend that, "*adopting unrealistic policies to reduce emissions by excluding main sources of energy will lead in coming years to unprecedented inflation and an increase in energy prices, and rising unemployment and a worsening of serious social and security problems.*" He also stated that although his country planned to raise its production capacity to 13 mio bpd by 2027 "*after that the Kingdom will not have any more capability to increase production*". Meanwhile following President Biden's trip to the Kingdom, Saudi Arabia's Foreign Minister, Prince Faisal bin Farhan Al Saud, was quoted as saying that "*there was no oil discussion at the summit,*" adding there were discussions with the US and consumer nations about crude most of the time. Prior to the Jeddah gathering on Saturday, the Saudi Minister of State for Foreign Affairs, Adel Al-Jubeir, said that any decisions on crude production will be made in coordination with members of OPEC and OPEC+ group, adding that "*the market will continue to determine oil output.*"

Number Of Active US Oil Rigs Edges Up Again – Chinese Refining Output Drops.

According to the energy service firm, Baker Hughes, the total number of active US oil rigs inched up last week to reach 599, the highest level recorded since March 2020. Meanwhile, on the other side of the world China's refinery throughput reportedly shrank by 10% y/y last month and output for Q1 2022 was down by 6%, its first annual decline for the period in more than 10 years.

Glenn Wepener

Executive Director & Geopolitical Analyst,
Middle East & Africa

Please click [here](#) to view our recent publications on MENA and Global Markets

New Head Of Libya's National Oil Company Announced.

Tripoli's 'Government of National Unity' appointed a new head of the country's state-owned oil company at the end of last week, despite the refusal of the NOC's long-serving chairman, Mustafa Sanalla to step down. Sanalla was replaced by Farhat Bengdara who was once governor of Libya's Central Bank, and various media reports are claiming that this reshuffle came soon after discussions with tribal leaders in the eastern city of Benghazi, where months of protest action and blockades has been disrupting oil production and exports. Whether or not Bengdara's appointment will ease or worsen ongoing tensions between the country's two main rival administrations remains to be seen. In his acceptance speech Bengdara, was quoted as saying by the 'Al Arabiya' media outlet, that any challenge to his leadership of the NOC should be made via the courts and that there would be "good news next week" on returning Libya's oil exports to their maximum level.

Russian President Due To Visit Iran This Week.

According to the Russian Foreign Ministry, President Putin will attend a trilateral meeting in Tehran tomorrow with the leaders of both Iran and Turkey, the so-called 'Astana' forum for Syria-related talks. Meanwhile, US officials have claimed that Russia has agreed to buy hundreds of weapons-capable drones from Iran. "Our information indicates that the Iranian government is preparing to provide Russia with up to several hundred UAVs, including weapons-capable UAVs on an expedited timeline," the White House's National Security Advisor, Jake Sullivan, was quoted as saying last week by the 'AP News' media outlet.

High Oil & Gas Prices To Support GCC Growth Into 2023 – KPMG.

In its latest Global Economic Outlook report, KPMG said that high oil and gas prices will continue to drive economic growth within the GCC for the rest of this year and into 2023. "The positive impulse provided by the GCC's oil and gas sector, through both increased production and prices, will further support the continuing economic recovery during the remainder of 2022 and into 2023. Private sector confidence and activity, already supported by the easing of COVID-19-related restrictions, will further benefit from the high international energy prices as they strengthen GCC fiscal and balance of payments accounts. Improvements in these indicators signal that GCC governments are better-equipped to offset any potential negative economic shocks. On balance, current trends in the domestic and international economies will support robust economic growth in both the GCC's oil and non-oil economies, with the pick-up in economic activity reducing unemployment rates," the report read, adding that annual average inflation within the region "is expected to remain contained during 2022 and 2023," You can access the full KPMG report [here](#).

S&P Raises Its Outlook On Kuwait.

S&P Global Ratings announced late last week that it has amended its outlook on Kuwait to 'stable' from 'negative'. The agency also affirmed the Gulf country's A+/A-1 long and short-term foreign and local-currency sovereign credit ratings. Explaining its decision S&P said in a statement that the country "will benefit from a favorable outlook for oil prices and production, which we expect to persist until the end of 2023. This will allow Kuwait's government to replenish liquidity in the previously depleted main treasury buffer, the General Reserve Fund."

Inflation In Nigeria Hits Five-Year High.

Nigeria's headline inflation rate hit a five year high of 18.60% last month, up from 17.71% in May and driven primarily by a sharp jump in food and diesel prices. Meanwhile data released by the country's official statistics agency also revealed that money supply recorded its highest rate of growth in 10 years, gaining 9.14% or NGN 4.46 trillion YTD to N48.87 trillion in June.

Egypt's FX Reserves Dip Again.

According to the latest data published by the Central Bank of Egypt, the country's net foreign exchange reserves fell to US\$33.375 bio last month from US\$35.495 bio in May.

Bidders Line-up For Bahrain's Metro Project.

Eleven international engineering firms are reportedly bidding to win the contract for phase 1 of Bahrain's 109km urban metro project. These include: French sustainable mobility expert Alstom, Korea's Hyundai Engineering and Indian construction conglomerate Larsen and Toubro, according to 'Zawya'.

Dubai Attracts Most Tourism Related FDI In 2021.

Dubai retained its position as the world's number one destination for foreign direct investment into the tourism sector last year. The Emirate attracted US\$1.70 bio in FDI across 30 projects last year, according to the 'Financial Times' fDi Markets data. *"While consolidating its advantages as a well-connected hub with world-class infrastructure, attractions and lifestyle, Dubai also launched concerted efforts in key source markets to showcase its capabilities in enabling business growth and as a leading global tourism centre. The new policies and legislation being adopted to align the UAE economy with global developments and the long-term residency being offered to investors and entrepreneurs will see Dubai and its tourism sector sustaining the FDI momentum through to 2022 and beyond,"* the Director-General of Dubai's Department of Economy and Tourism, was quoted as saying by 'The National' newspaper. You can find more details on this topic [here](#).

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	-10/-5	-12/-5	15/40
USD/SAR	3.7557/67	-12/-5	-13/-6	-14/-6	-17/-7	-15/-8	-12/-2	Par/+50
USD/KWD	0.30765/785	Par/+5	1/6	3/13	8/23	20/40	30/50	50/150
USD/OMR	0.38501/506	1/6	7/12	05/20	20/40	30/60	50/80	50/150
USD/BHD	0.37694/699	18/28	38/53	50/70	90/120	130/160	175/205	200/400
USD/MAD	10.3900/4200	50/150	100/300	150/450	400/800	600/1200	700/1700	1200/3200
USD/EGP NDF	18.8724	19.17/19.27	19.40/19.50	19.72/19.82	20.53/20.68	21.27/21.42	21.94/22.09	-
USD/JOD	0.7097/7102	40/140	70/170	200/400	400/700	550/950	700/1200	800/1800
USD/NGN NDF	422.20	430.20/435.20	435.00/440.00	439.00/449.00	460.00/470.00	480.00/490.00	502.20/512.20	(NAFEX)
USD/GHS NDF	8.1600	8.3150/8.4150	8.4000/8.5500	8.5200/8.6700	8.8600/9.0600	9.4000/9.7500	10.0000/10.3500	-
USD/TND	3.1900/2100	125/325	300/600	650/1250	1000/2500	2000/4000	3000/5000	4000/6000
Crude Oil	Futures							
WTI	\$97.90							
Brent	\$101.85							

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

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	-10/Par	Par/+10	+13/23	+23/33	+29/39	+34/44	+42/52	+58/68
SAR SPREAD	+5/65	+58/68	+67/77	+72/81	+78/86	+86/95	+93/103	+107/115

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

AND FINALLY...

Did you know that in Arabic, 'Iraq' means 'deeply rooted, well-watered, and fertile'?

Glenn Wepener

Executive Director

Market Insights & Strategy

FAB Global Markets

Email: Marketinsights&strategy@bankfab.com

Please click [here](#) to view our recent publications on MENA and Global Markets

Disclaimer: This communication has been prepared by individual personnel of First Abu Dhabi Bank PJSC or its affiliates (collectively, "FAB") and, accordingly, it may not represent the views of FAB. FAB is licensed and regulated by the Central Bank of the United Arab Emirates and its registered office address is P.O. Box 6316, 1 – Al Qurm, Abu Dhabi, the United Arab Emirates. This communication is directed at persons (i) who have been or can be classified by FAB as eligible counterparties, professional clients or sophisticated investors, (ii) who have experience in matters relating to investments and (iii) other persons to whom it may otherwise lawfully be communicated. No other person should review the contents or access the products or transactions discussed in this communication. All material contained herein, including any proposed terms and conditions, is indicative and for discussion purposes only, is subject to change without notice, is strictly confidential, may not be reproduced and is intended for your consideration only. It does not include a number of terms and conditions that will be included in any actual transaction and final terms and conditions are subject to further discussion and negotiation nor does it purport to identify all applicable risks. This communication is not a commitment to deal in any product, offer financing or enter into any transaction described herein. FAB is not acting as your agent, fiduciary or investment adviser and is not managing your account. The provision of information in this communication is not based on your individual circumstances and must not be relied upon as an assessment of suitability for you of a particular product or transaction. It does not constitute investment advice and FAB makes no recommendation as to the suitability of any of the products or transactions mentioned. Even if FAB possesses information as to your objectives in relation to any transaction, series of transactions or trading strategy, this is not sufficient for, and does not constitute, any assessment of suitability for you of any transaction, series of transactions or trading strategy. Save in those jurisdictions where it is not permissible to make such a statement, FAB hereby informs you that this communication should not be considered as a solicitation or offer to sell or purchase any securities, deal in any product or enter into any transaction. You should make any trading or investment decisions in reliance on your own analysis and judgment and/or that of your independent advisors and not in reliance on FAB and any decision whether or not to adopt any strategy or engage in any transaction will not be FAB's responsibility. FAB does not provide investment, accounting, tax, financial, legal, regulatory or other advice; such matters as well as the suitability of a potential transaction or product or investment should be discussed with your independent advisors. Prior to dealing in any product or entering into any transaction, you and the senior management in your organization should determine, without reliance on FAB, (i) the economic risks or merits, as well as the investment, accounting, tax, financial, legal and regulatory characteristics and consequences of dealing with any product or entering into the transaction (ii) that you are able to assume these risks, (iii) that such product or transaction is appropriate for a person with your experience, investment goals, financial resources or any other relevant circumstance or consideration. Where you are acting as an adviser or agent, you should evaluate this communication in light of the circumstances applicable to your principal and the scope of your authority. Any prices used herein, unless otherwise specified, are indicative. Although all information has been obtained from, and is based upon sources believed to be reliable, it may be incomplete or condensed, it has not been verified by FAB and its accuracy cannot be guaranteed. FAB makes no representation or warranty, expressed or implied, as to the accuracy of the information, the reasonableness of any assumptions used in calculating any illustrative performance information or the accuracy (mathematical or otherwise) or validity of such information. Any opinions attributed to FAB constitute FAB's judgment as of the date of the relevant material and are subject to change without notice. Provision of information may cease at any time without reason or notice being given. Commissions and other costs relating to any dealing in any products or entering into any transactions referred to in this communication may not have been taken into consideration. Any scenario analysis or information generated from a model is for illustrative purposes only. Where the communication contains "forward-looking" information, such information may include, but is not limited to, projections, forecasts or estimates of cashflows, yields or return, scenario analyses and proposed or expected portfolio composition. Any forward-looking information is based upon certain assumptions about future events or conditions and is intended only to illustrate hypothetical results under those assumptions (not all of which are specified herein or can be ascertained at this time). It does not represent actual termination or unwind prices that may be available to you or the actual performance of any products and neither does it present all possible outcomes or describe all factors that may affect the value of any applicable investment or product. Actual events or conditions are unlikely to be consistent with, and may differ significantly from, those assumed. FAB shall not be under an obligation to update any information contained in this communication. Illustrative performance results may be based on mathematical models that calculate those results by using inputs that are based on assumptions about a variety of future conditions and events and not all relevant events or conditions may have been considered in developing such assumptions. Accordingly, actual results may vary and the variations may be substantial. The products or transactions identified in any of the illustrative calculations presented herein may therefore not perform as described and actual performance may differ, and may differ substantially, from those illustrated in this communication. When evaluating any forward looking information you should understand the assumptions used and, together with your independent advisors, consider whether they are appropriate for your purposes. You should also note that the models used in any analysis may be proprietary, making the results difficult or impossible for any third party to reproduce. This communication is not intended to predict any future events.

Past performance is not indicative of future performance. FAB accepts no responsibility and makes no representation to you or to any third parties for, and has not independently verified, the quality, accuracy, timeliness, continued availability or completeness of any data or calculations contained and/or referred to in this communication and FAB shall not be liable for any special, direct, indirect, incidental or consequential loss or damage which may be sustained because of the use of the information contained and/or referred to in this communication or otherwise arising in connection with the information contained and/or referred to in this communication, provided that this exclusion of liability shall not exclude or limit any liability under any law or regulation applicable to FAB that may not be excluded or restricted. The transactions and any products described herein may be subject to fluctuations of their mark-to-market price or value and such fluctuations may, depending on the type of product or security and the financial environment, be substantial. Where a product or transaction provides for payments linked to or derived from prices or yields of, without limitation, one or more securities, other instruments, indices, rates, assets or foreign currencies, such provisions may result in negative fluctuations in the value of and amounts payable with respect to such product prior to or at redemption. You should consider the implications of such fluctuations with your independent advisers. The products or transactions referred to in this communication may be subject to the risk of loss of some or all of your investment, for instance (and the examples set out below are not exhaustive), as a result of fluctuations in price or value of the product or transaction or a lack of liquidity in the market or the risk that your counterparty or any guarantor fails to perform its obligations or, if this the product or transaction is linked to the credit of one or more entities, any change to the creditworthiness of the credit of any of those entities. FAB (whether through the individual sales and/trading personnel involved in the preparation or issuance of this communication or otherwise) may from time to time have long or short principal positions and/or actively trade, for its own account and those of its customers, by making markets to its clients, in products identical to or economically related to the products or transactions referred to in this communication. FAB may also undertake hedging transactions related to the initiation or termination of a product or transaction, that may adversely affect the market price, rate, index or other market factor(s) underlying the product or transaction and consequently its value. FAB may have an investment banking or other commercial relationship with and access to information from the issuer(s) of securities, products, or other interests underlying a product or transaction. FAB may also have potential conflicts of interest due to the present or future relationships between FAB and any asset underlying the product or transaction, any collateral manager, any reference obligations or any reference entity. Any decision to purchase any product or enter into any transaction referred to in this communication should be based upon the information contained in any associated offering document if one is available (including any risk factors or investment considerations mentioned therein) and/or the terms of any agreement. Any securities which are the subject of this communication have not been and will not be registered under the United States Securities Act of 1933 as amended (the Securities Act) or any United States securities law, and may not be offered or sold within the United States or to, or for the account or benefit of, any US person, except pursuant to an exemption from, or in a product or transaction, not subject to, the registration requirements of the Securities Act. This communication is not intended for distribution to, or to be used by, any person or entity in any jurisdiction or country which distribution or use would be contrary to law or regulation. FAB may process your personal data to provide you with information or promotional and advertising communications on products, services, other events and campaigns.

If you wish not to receive email from the Market Insights team at FAB, please [click here](#) to send us your request to unsubscribe, and you shall no longer receive such information. You can also let us know by contacting your usual FAB representative should you wish to no longer receive any such further information. You may be entitled according to the applicable laws to exercise your rights to access, to rectification, to erasure and to portability of your personal data, to restrict the use of and to object to the processing of your personal data. You may exercise any such aforesaid rights by sending your request to FAB at the following address: privacy@bankfab.com.