

Market Insights & Strategy

Global Markets

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REGIONAL COMMENTARY

Gloomy IMF Comments Temper Oil Market Bulls.

In its latest 'World Economic Outlook' the IMF lowered its growth forecasts again, and now expects the global economy to expand by 3.20% this year (a 0.4% reduction since April) and by just 2.90% in 2023. *"A tentative recovery in 2021 has been followed by increasingly gloomy developments in 2022 as risks began to materialize. Global output contracted in the second quarter of this year, owing to downturns in China and Russia, while US consumer spending undershot expectations. Several shocks have hit a world economy already weakened by the pandemic: higher-than-expected inflation worldwide (especially in the United States and major European economies) triggering tighter financial conditions; a worse-than-anticipated slowdown in China, reflecting COVID- 19 outbreaks and lockdowns; and further negative spillovers from the war in Ukraine,"* the IMF's latest update read. This gloomy outlook saw crude prices slip back again overnight, despite an API estimate that US commercial oil inventories declined by 4 mio barrels last week.

Wind & Solar Power Output In Texas Dips In Midst Of Heatwave.

The US state of Texas, which is still in the midst of a record heatwave that has sent the demand for power skyrocketing, is struggling to get all available supply into its electricity grid partly because cloud cover and a lack of wind has meant that in some areas, its renewable energy resources are underperforming. Some Republican politicians have tried to suggest that these problems highlight green energy's unreliability, but as a recent article in 'Gizmodo' pointed out, wind and

solar provided a record 36% of power to the state's grid during the first six months of this year, and one particularly hot day last month saw nearly 40% of Texas's energy supply coming from wind. This energy mix was helping to offset the astronomically high gas prices that energy providers are suffering worldwide, and thus keeping prices in Texas lower than they could have been otherwise, a researcher at the University of Texas's Energy Institute was quoted as saying. Texas has the country's largest installed wind power capacity and is second only to California in operating solar capacity, according to the American Clean Power Association.

Iran Says It Won't 'Be Rushed' Into New Nuclear Deal.

An official from Iran's Foreign Ministry said yesterday that his country won't be pushed into any new nuclear deal. *"They demand that Iran makes a quick decision, insisting that time is limited and Iran must respond quickly. But we will not sacrifice the country's fundamental interests with a rushed process,"* Nasser Kanani was quoted as saying by 'Al Arabiya' on Monday, although he added that, *"if the US acts constructively and positively, an agreement is close."* Last week, the head of MI6 (Britain's secret intelligence service), Richard Moore said during an interview with 'CNN' late last week that, *"I don't think the Supreme Leader of Iran wants to cut a deal. I think the deal absolutely is on the table and the European powers and the and the administration here are very, very clear on that and I don't think that the Chinese and Russians on this issue would block it. But I don't think the Iranians want it."*

Lebanon To Use WB Loan To Import Wheat.

Lebanon's parliament has approved the use of a US\$150 mio World Bank loan to import fresh wheat supplies, as a chronic domestic shortage of bread worsened and a number of bakeries reportedly ran out of this daily staple yesterday. According to 'Al Monitor' flour is now being heavily rationed, and existing wheat reserves are barely enough to cover one month's demand. Lebanon used to import 66% of its wheat requirements from Ukraine prior to the conflict there, but it has also been impacted by the fact that the Beirut port explosion in 2020 destroyed Lebanon's primary wheat storage silos.

IMF Says Egypt Must Deepen Fiscal Reforms.

The IMF said yesterday, that during an evaluation of the US\$5.2 bio stand-by loan agreement signed with Egypt in 2020, the international lender's executive board highlighted *"Egypt's remaining vulnerability from a high public debt burden and large gross financing requirements,"* adding that *"decisive progress on deeper fiscal and structural reforms is needed to boost the economy's competitiveness, improve governance, and strengthen its resilience against shocks."* Egypt and the IMF are currently involved in negotiations aimed at agreeing an extended fund facility which would help support the North African country's economic policies and reform programs.

Saudis Remain Positive On Their Country's Economic Outlook.

According to a recent IPSOS consumer confidence poll, 93% of those surveyed in Saudi Arabia said that the outlook for their country's economy was "good". This means that for the fourth month in a row, the Kingdom has recorded the highest national score on IPSOS' Global Consumer Confidence Index, and is one of only two countries to record a mark above 70. The index is the average of all surveyed countries' National Indices. This month's installment is based on a survey of more than 17,000 adults under the age of 75 from 23 countries conducted on IPSOS' Global Advisor online platform and was held between the 24th of June and 8th July 2022. You can access more details on this survey [here](#).

Tunisia Set For Major Constitutional Changes.

According to the initial results, 94.60% of voters who participated in Monday's referendum on the Tunisian President's proposed changes to his country's constitution, approved of the move. However, turnout in the referendum was reported to be low with just over 30% of eligible voters participating, as many opposition groups had called on their members to boycott the vote. In a speech given on Monday evening after the projected outcome of the poll appeared to be clear, President Saied, stated that *"We will meet the hopes of all Tunisians everywhere so that the people take back their sovereignty and thrive through true democracy not a formal one. We will prosecute all those that committed crimes against the people and we will not leave a single millime from the money they stole on the table."*

Abu Dhabi Unveils Plan To Boost Pensions For Public School Staff.

President Sheikh Mohamed has announced a AED 6.60 bio plan to raise the pensions of Emirati public school staff in Abu Dhabi to 80% of their total salary. This decision, *“which is in line with continued efforts to empower, attract and retain UAE Nationals in the education sector, will benefit more than 7,600 Emiratis working in Abu Dhabi’s public schools in their retirement”*, according to a statement published on the ‘WAM’ media site. You can find out more on this topic [here](#).

NEOM Could Be Listed By 2024.

Saudi Arabia’s Crown Prince, Mohammed bin Salman, announced earlier this week, that his country was planning to conduct an initial public offering of the \$500 bio megaproject NEOM within the next two years. *“We have big aims to get Saudi Arabia among the top three largest stock markets on the planet,”* the Crown Prince was quoted as saying by ‘Bloomberg’, adding that he expects the NEOM IPO to happen around 2024. He also said that NEOM will depend on government support until 2030 with an additional SAR200 - 300 bio in state funding, in addition to the investments the Public Investment Fund will put into the project. *“The bold vision of Saudi is unfolding rapidly and plans for NEOM’s multi-billion dollar IPO will help to cement the Kingdom’s spectacular vision in the minds of the global investment community,”* the head of Middle East Research for Knight Frank, was quoted as saying by the ‘Arab News’ site. You can access more details on this story [here](#).

BII Plans To Invest US\$6 Bio Into Africa.

The head of the UK government’s development-finance arm, British International Investment Plc, Nick O’Donohoe, said this week, that his institution was looking to mobilize US\$6 bio across Africa between 2022 and 2026, into key sectors such a renewable power and digital infrastructure. *“Investment priorities will be driven by the size of the economy, and the development needs in that economy. We have been a significant investor in power in Africa, originally in fossil-fuel power, and over the last three or four years, almost exclusively renewable power,”* O’Donohoe was quoted as saying by ‘Bloomberg’, adding that although this latest program will focus on the “powerhouse” markets of Ethiopia, Kenya, Nigeria and Egypt, some funds would also go into South Africa because of its drive to attract climate finance.

Number Of International Firms Bid For Water Project In Morocco.

A number of firms and JVs are bidding for Morocco’s EUR 800 mio Casablanca-Settat desalination plant project including; the UAE based Taqa Group, France’s Veolia and Spain’s’ Abengoa. Whilst Société Générale des Travaux du Maroc and Société Maghrébine de Génie Civil have reportedly formed a consortium with Israel’s desalination expert IDE Technologies and Japan’s Mitsui to also contest for the project.

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	3.7565/75	-13/-8	-25/-15	-33/-23	-50/-40	-60/-50	-60/-50	-15/+25
USD/KWD	0.30720/770	-1/+4	-2/+5	-2/+5	-5/+5	-4/+14	-5/+20	-40/+40
USD/OMR	0.38499/504	-3/+2	-1/+4	Par/+10	05/25	18/33	30/50	100/250
USD/BHD	0.37692/697	17/27	30/45	45/65	80/100	120/140	160/190	270/470
USD/MAD	10.2550/5750	50/150	100/300	150/450	400/800	600/1200	700/1700	1200/3200
USD/EGP NDF	18.9338	19.30/19.40	19.66/19.76	20.02/20.12	21.05/21.20	21.85/22.00	22.55/22.70	-
USD/JOD	0.7097/7102	40/140	70/170	200/400	400/700	550/950	700/1200	800/1800
USD/NGN NDF	424.38	428.25/433.25	434.00/439.00	440.00/447.00	458.00/468.00	479.00/489.00	499.00/509.00	(NAFEX)
USD/GHS NDF	8.4200	8.5400/8.6400	8.7700/8.9200	8.9700/9.1200	9.6000/9.8000	10.1900/10.5200	10.7000/11.0500	-
USD/TND	3.1550/1850	125/325	300/600	650/1250	1000/2500	2000/4000	3000/5000	4000/6000
Crude Oil	Futures							
WTI	\$95.75							
Brent	\$104.95							

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

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	-2/+8	Par/+10	+12/22	+26/36	+34/43	+38/48	+47/55	+65/75
SAR SPREAD	+42/52	+57/66	+68/77	+78/86	+87/95	+95/103	+102/110	+116/124

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

AND FINALLY...

Did you know that it takes a supertanker around 20 minutes to stop when sailing at its normal speed?

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