

Market Insights & Strategy

Global Markets

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MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

Crude Prices Dip Ahead Of OPEC+ Meeting.

Oil prices opened 2.50% lower again this morning on the back of profit-taking and as rumours continue to do the rounds that Saudi Arabia and certain other major producers are preparing to open their taps. Thus all eyes will be on the outcome of the OPEC+ meeting today. Meanwhile, Citibank's head of commodity research suggested in a 'Bloomberg' interview yesterday that crude was overvalued and should fall sharply as demand drops and recession fears grow. "I'd say it's more in the US\$70 range than it is in the \$120 range. If you look at the fair value for oil, look at the flowing curve. It's exaggerated," Ed Morse was quoted as saying.

Italian PM Suggests The Creation Of An 'Oil Consumers Cartel'.

Italy's Prime Minister Mario Draghi, who met with the US President this week, has reportedly floated the idea of forming an "oil consumers" grouping. "We are both dissatisfied with the way things work, in terms of oil for the US and in terms of gas for Europe. Prices don't have any relationship with supply and demand," Draghi was quoted as saying by the 'Financial Times' newspaper, adding that the "idea is to create a cartel of buyers, or to persuade the big producers to increase production, which is perhaps the preferred path. On both paths, there's a lot of work to do." His comments came as the average price for unleaded petrol in a number of EU countries rose above EUR 2.00 per liter and US pump prices hit a fresh record high of US\$4.67 per gallon yesterday.

New IAEA Report On Iran's Nuclear Activities.

A new IAEA report claims that Tehran has still not adequately answered long-standing questions, posed by the world's nuclear watchdog, over the origin of uranium particles found at three undeclared sites. "Iran has not provided explanations that are technically credible in relation to the Agency's findings at those locations. The safeguards issues related to these

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three locations remain outstanding," a section of the report reads, according to 'Reuters'. This issue has now raised suggestions that the IAEA board of governors will issue Iran with an official rebuke over the matter when it meets next week. In response, an Iranian Foreign Ministry spokesperson, was quoted as saying that his country would, "respond firmly and appropriately to any unconstructive action at the board of governors. The responsibility for its consequences falls on the shoulders of those who see the board of governors and the director-general's report as leverage and a tool of political games against Iran."

Iraq Facing Further Power Outages.

Iraq may suffer longer electricity outages this summer after the government there said yesterday that it had failed to make a US\$1.60 bio payment for its gas imports from Iran. The 'Al Arabiya' media outlet quoted Iraq's Electricity Ministry stating that *"Iran had demanded the payment by Iraq of its financial obligations for the payment of the gas,"* adding that this payment has been held back due to *"the delay in the adoption of the budget,"* as well as parliamentary blockages stalling a bill aimed to guarantee debt payments in the electricity sector. Iraq currently depends on Iran for a third of its gas and electricity needs, but is working to reduce this heavy dependence, evidenced by the recent awarding of a large gas plant contract to the China Petroleum Engineering and Construction Company.

Nigeria Lost Almost US\$1 Bio In Oil Theft During Q1 2022.

The CEO of the Nigerian Upstream Petroleum Regulatory Commission, Gbenga Komolafe, announced this week, that his country had lost an estimated NGN 434 bio to oil theft during the first quarter of this year. His comments echoed those made recently by the Minister of State for Petroleum Resources, who was quoted as saying by the 'This Day' news site that, *"Our biggest problem is the insecurity of our pipelines. There is a lot of pollution due to oil theft and pipeline vandalism, which has placed us in a precarious situation. It is one of the biggest reasons why IOCs leave Nigeria. They feel that our industry is becoming too volatile and a significant polluter. The criminals who rupture our pipelines to set up illegal refineries which are not regulated are seriously damaging our environment. It is our duty to ensure that we can tackle this issue, which is mainly a question of law and order rather than production. Once solved, all the production that has been lost will get to our tanks, while restoring investors' confidence in Nigeria."*

Lebanon 'Has Lost Precious Time' - World Bank.

The World Bank has announced a one-year extension to its 'Country Partnership Framework' with Lebanon, in order *"to advance urgently needed socioeconomic recovery programs targeting the poor and most vulnerable and support urgently needed macroeconomic and structural reforms"*. But the bank's regional director was quoted as saying by the 'Naharnet' media outlet that, *"Despite early warnings, Lebanon has lost precious time and numerous opportunities to adopt a path to reform its economic and financial system. The cost of inaction is colossal not only on daily lives of citizens, but also on the future of the Lebanese people."*

Malawi Devalues Its Local Currency.

The Reserve Bank of Malawi devalued its local currency by 25% late last week, in a move the CB's Governor said was aimed at adjusting the FX regime to a 'managed-float'. This decision comes as the country battles with numerous economic challenges, including a chronic hard currency shortage. The government has also just begun talks with the IMF as it seeks a new extended credit facility from the international lender.

Bidding Begins For Metro Train Contract In Bahrain.

The 'Global Construction Review' reports that eleven firms, including Alstom, CRRC, Orascom and Hyundai Engineering, have been prequalified to bid on the first phase of Bahrain's metro system. Once complete the Kingdom's light rail system will cover 109km and cost around US\$2 bio. The winning company or JV will finance, design, build and then operate the lines for 35 years. You can access more details on this project [here](#).

Sinopec Seals Oil Production Contract In Algeria.

Algeria's state-owned energy company Sonatrach, has signed a production sharing agreement with its Chinese partner Sinopec over the Zarzaitine oil field, which will reportedly see the recovery of some 95 million barrels of crude, according to the 'S&P Global' website. Meanwhile, Sonatrach has also reached an initial agreement with Italy's Eni Group to expand the development of Algeria's gas resources, especially in the production of green hydrogen.

Egyptian & KSA Telecom Firms Sign MOU.

Mobily in Saudi Arabia and Telecom Egypt have signed a strategic MOU to build the first bilateral submarine cable system linking the two countries. "We are pleased to build this strategic collaboration with Mobily, which helps increase the scale and reach of our networks, and adds more connections with the KSA," the CEO of Telecom Egypt was quoted as saying, according to the 'Siasat Daily' news site.

FX/RATES & CRUDE MARKETS:

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Currency	Spot	1M	2M	3M	6M	9M	12M	2Y
USD/AED	3.6730/31	-1/+2	-2/+1	-3/+2	-2/+3	-2/+3	-3/+4	25/45
USD/SAR	3.7510/13	27/34	45/52	60/67	80/90	85/95	100/110	140/180
USD/KWD	0.30595/625	25/35	45/55	60/75	100/130	125/155	150/180	165/265
USD/OMR	0.38499/504	Par/+5	1/8	2/12	7/22	10/35	20/50	50/150
USD/BHD	0.37690/700	17/22	30/45	45/60	85/105	125/155	160/190	200/400
USD/MAD	9.8400/8700	50/250	150/350	300/600	450/850	700/1500	800/1800	2000/4000
USD/EGP NDF	18.6131	18.87/19.02	19.16/19.31	19.37/19.57	20.17/20.37	20.90/21.15	21.77/21.97	-
USD/JOD	0.7097/7102	40/140	70/170	150/250	300/500	400/700	500/900	700/1700
USD/NGN NDF	419.14	421.00/426.00	425.00/430.00	430.00/436.00	445.00/455.00	462.00/472.00	480.00/490.00	(NAFEX)
USD/GHS NDF	7.8000	8.1100/21.00	8.3800/8.5300	8.6200/8.7700	9.2000/9.4000	9.6500/10.0000	10.1500/10.5000	-
USD/TND	3.0500/0800	125/325	250/500	400/900	700/1400	1000/2000	2000/3000	4000/6000
Crude Oil	Futures							
WTI	\$112.25							
Brent	\$114.00							

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

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+29/39	+33/41	+37/46	+43/51	+49/58	+56/65	+63/73	+78/88
SAR SPREAD	+98/108	+101/109	+102/110	+103/111	+106/115	+112/121	+121/130	+139/149

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

AND FINALLY...

The Emirate of Abu Dhabi implemented a ban on single-use plastic bags from June 1st 2022 as part of a broader initiative to reduce waste and protect the environment.

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