

Market Insights & Strategy

Global Markets

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REGIONAL COMMENTARY

Energy Sector Investments To Reach US\$879 Bio In MENA Region - APICORP.

Overall energy sector related investment flows within the MENA region are predicted to hit US\$879 bio over the next five years, according to a new report published by the Arab Petroleum Investments Corporation. "MENA's 5-yr forward-looking energy investments register a total of US\$879 bio, a 9% increase over last year's 2021-2025 figure of US\$805 bio. Of this total, committed projects make up around 30%, while planned projects constitute the remaining 70%. The increase in project expenditure is spearheaded by the GCC, with committed projects making up more than 45% of the Gulf states' total energy investments thanks to the windfall from oil and gas export revenues. As for North African countries, which skillfully managed to offset the decline in committed projects during the pandemic years (2020-2021) due to the resilience of their diversified economies, the strains of inflation and debt burdens are beginning to show and impact investments (with the exception of Algeria, buoyed by bumper O&G exports revenues)," the report, which you can access in full here, [read](#).

Russia Becomes India's Second largest Oil Supplier.

Russia became India's second largest source of crude after Iraq last month receiving an estimated 819,000 bpd, according to 'Reuters'. This compares to imports of just 140,000 bpd of Russian oil in February, while both China and India reportedly now account for around 50% of Russia's seaborne oil exports. (India itself is the world's third largest consumer of oil and has to import 85% of its needs). Russian crude is currently being offered at a significant discount to the main benchmarks. Meanwhile, a recent study undertaken by the Centre for Research on Energy and Clean Air, highlighted the following statistics: Russia earned an estimated EUR 93 bio from its

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fossil fuel exports between February 24th and June 3rd 2022 . The largest importers of these fuels were China (EUR12.60 bio), Germany (EUR12.10 bio), Italy (EUR7.80 bio), Netherlands (EUR7.80 bio), Turkey (EUR6.70 bio), Poland (EUR4.40 bio), France (EUR4.30 bio) and India (EUR3.40 bio).

Europe Importing Record Levels Of LNG.

According to the EIA, Europe and the UK have been importing record amounts of LNG in recent months as countries look to raise their gas inventory levels ahead of the next winter season. The EU and the UK's LNG imports set an all-time historical record high in April, averaging 16.5 bio bcf monthly and even exceeding 19.0 bio on some days. You can access the EIA report [here](#).

Libyan Oil Production Falls Sharply Again.

The ongoing blockades and protest action at Libya's key oil facilities has triggered another sharp fall in the African country's overall crude output to just 100,000 – 150,000 bpd in recent days, according to a spokesperson for the Libyan oil ministry yesterday. This statement follows comments made on Monday by the Oil Minister, Mohamed Oun, who said that *"almost all the oil and gas activities in the east of Libya are being shut down."* (Libya was producing 1.20 mio bpd in 2021).

Iranian Rial Hits Fresh New Lows.

With the chances of a revival of the JCPOA nuclear accord with Iran fading fast, the local currency reportedly hit an all-time low of IRR 332,700 per US Dollar in the unofficial 'kerb' market earlier this week, according to the 'bne IntelliNews' outlet. Meanwhile Iran's Labour Minister apparently stepped down from his post yesterday amid protests over the rise in the cost of living. *"His failure to create a planned number of jobs and the growing protests over insufficient raises in the retirement pensions had fueled speculations that the Parliament will impeach him,"* Iran's 'Tasnim' news agency claimed.

UAE Bans Export Of Indian Wheat For Four Months.

The UAE's Economy Ministry has imposed a moratorium on the export and re-export of wheat and wheat flour originating from India, including free zones, for a period of four months. According to the 'Trade Arabia' website, this decision was made due to *"international developments that have affected trade flows and in appreciation of the solid and strategic relations that bind the UAE and India, especially after the signing of the Comprehensive Economic Partnership Agreement between the two countries and the Indian government's approval to export wheat to the UAE for domestic consumption"*. The ongoing conflict in Ukraine, unseasonal weather patterns, fertilizer shortages and logistic logjams have been the primary reasons behind the record global jump in soft commodity prices such as those for wheat this year.

AFREXIM Remains Optimistic On Egypt's Growth Prospects.

In a new study, published by the African Export-Import bank and titled *"Africa's 2022 Growth Prospects: Poise under Post-Pandemic and Heightening Geopolitical Pressures"* The bank said that it expects Egypt to account for 17% of Africa's combined economic expansion during 2022, compared to 16% in 2021. *"Growth is projected to strengthen in North Africa, the fastest-growing sub-region, lifted by the impressive performance of Egypt, the territory's largest economy. The projected recovery is also indicative of the relatively strong bounce-back in a few large African economies, with Egypt, which entered the COVID-19 crisis with sizable buffers following years of economic reforms, being one case in point,"* the report read, adding that *"For the third consecutive year, Egypt is a major growth driver for the region, with forecast GDP expansion of 5.9% in 2022. In addition to reform dividends, which eliminated currency overvaluation and strengthened the business climate to boost competitiveness, the national economy is being well supported by a variety of forces: expanding infrastructure development; a buoyant gas extraction sector; stronger private consumption; and growing remittances and capital inflows"*. You can access the full report [here](#).

Saudi Arabia's Annual Inflation Rate Dips Slightly.

Saudi Arabia's annual inflation rate dipped slightly to 2.20% last month from 2.30% in April, according to the latest data released by the Kingdom's official statistics agency. However, food and beverage prices rose by 4.20% and transport by 4.00%.

Property Price Growth In Dubai Slows.

According to the latest real estate report by ValuStrat, the average price increases for apartments and villas in Dubai moderated last month. Apartments recorded a 1.10% m/m price growth in May, while villas saw a 1.80%

increase. Meanwhile, although the volume of overall home sales slipped by 8.30% m/m it was still more than 64% higher compared to the same period in 2021. In separate news, a Henley Global Citizens report said that an estimated 4,000 millionaires are expected to migrate to the UAE this year, due in part to the successful holding of the Dubai Expo and the country's efficient handling of the COVID-19 pandemic.

Foreign Investor Interest In Saudi Arabia Continues To Rise.

Saudi Arabia's Ministry of Investment has revealed that it oversaw 101 investment deals worth more than US\$4 bio during the first quarter of this year. *"The high level of investor interest and strong momentum in the economy reflects how successful Saudi Arabia's long-term economic vision has been in unlocking opportunities for investors. As we look ahead, the National Investment Strategy will help us to accelerate this process enabling Saudi and international investors to play a major role in one of the world's most unique and exciting opportunities,"* the Kingdom's Investment Minister, Khalid Al-Falih, was quoted as saying by the 'Arabian Business' news site.

Mitsubishi Power Wins Fuel Conversion Contract In Egypt.

Japan's Mitsubishi Power has been awarded a turnkey contract to provide advanced hydrogen fuel conversion technology solutions at the ARNPC refinery plant in Alexandria, which provides 30% of Egypt's domestic gasoline supply, according to 'Zawya'.

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	-2/+1	-3/+2	-3/+2	-3/+2	-2/+5	25/45
USD/SAR	3.7521/26	5/10	16/21	25/30	43/53	52/62	62/72	100/150
USD/KWD	0.30705/725	3/8	10/20	20/30	47/62	70/90	90/110	70/170
USD/OMR	0.38500/505	-2/+5	-1/+8	2/12	07/22	15/35	20/50	60/160
USD/BHD	0.37695/700	24/29	40/55	60/75	100/130	145/175	175/205	200/400
USD/MAD	10.0100/0300	50/250	150/350	300/600	450/850	700/1500	800/1800	2000/4000
USD/EGP NDF	18.7454	19.23/19.33	19.75/19.85	19.98/20.08	20.70/20.85	21.40/21.60	22.30/22.50	-
USD/JOD	0.7098/7103	40/140	70/170	150/250	300/500	400/700	500/900	700/1700
USD/NGN NDF	418.25	422.00/427.00	425.00/430.00	431.00/436.00	445.00/455.00	465.00/475.00	485.00/495.00	(NAFEX)
USD/GHS NDF	7.9500	8.0500/8.1500	8.3300/8.4800	8.5500/8.7000	9.1500/9.3500	9.7000/10.0500	10.2500/10.6000	-
USD/TND	3.1000/1400	125/325	250/500	400/900	700/1400	1000/2000	2000/3000	4000/6000
Crude Oil	Futures							
WTI	\$117.70							
Brent	\$120.00							

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

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+24/34	+28/38	+34/44	+40/50	+47/57	+55/64	+62/72	+75/85
SAR SPREAD	+92/102	+91/101	+93/103	+95/105	+99/109	+105/115	+114/124	+134/144

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

AND FINALLY...

Did you know that the Bactrian Camel is listed as 'Critically Endangered' on the IUCN Red List of Threatened Species?

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