

Market Insights & Strategy

Global Markets

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MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

Record Fertilizer Prices Puts Further Pressure On Global Food Supplies.

The recent record spike in phosphates, nitrogen and potash is exacerbating an existing shortage of fertilizer which in turn could severely hamper crop yields in the northern hemisphere this year. At the beginning of this year our ['Key Risks in 2022'](#) publication listed rising food prices as the number one concern, and this outlook has sadly worsened in recent weeks due to the Ukraine/Russia crises as both countries are major agricultural producers. (Russia alone was also the world's largest exporter of fertilizer in 2019). "Ukraine has only compounded a catastrophe on top of a catastrophe," a senior executive of the UN World Food Program, was recently quoted as saying by the 'New York Times', adding that the current level of global food insecurity is a situation not seen since World War II. Meanwhile the International Rescue Committee has warned that this latest situation could not have come at a worse time for a number of countries in Africa, especially with the East African region currently facing its worst drought in decades.

Sinopec Reportedly Pauses Talks On Russian Energy Project.

A recent 'Reuters' article claims that China's Sinopec Group, has suspended talks on a potential US\$500 mio petrochemical and gas plant in Russia as well as a deal to market Russian gas in China. You can access this specific story in full [here](#). Russia was China's second-largest oil supplier and its third-largest natural gas supplier last year. However, Europe currently remains Russia's most important natural gas market with eight pipelines able to supply up to 220 bcm to eastern and western Europe compared with one pipeline to China, which has an estimated capacity of 38 bcm. In February this year, Gazprom and CNPC agreed to build a new 10 bcm pipeline to deliver natural gas from eastern Russia to China, according to 'Barrons'.

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Contrary Statements Over Progress On Iran Negotiations.

A fresh JCPOA agreement with Iran was close to being signed a senior European Union official indicated this past weekend. *"Now we are very close to an agreement and I hope it will be possible,"* the EU's Foreign Policy chief, Josep Borell said on Saturday according to 'Reuters'. His comments follow those made by the Iranian Foreign Minister, Hossein Amir Abdollahian late last week who, according to an Iranian news outlet, claimed that his country was *"optimistic and serious about the outcome of the Vienna talks,"* adding *"in our view, the agreement should be such that lifting of sanctions is done to the maximum."* However the US Special Envoy for Iran, Robert Malley, indicated yesterday that he was not confident that a deal was imminent and that no matter what happened with the nuclear deal, *"many sanctions"* would remain in place against the IRGC.

Houthi Rebels Launch Multiple Attacks On KSA.

Houthi militants in Yemen launched a series of drone and missile attacks at various targets in Saudi Arabia last Friday, including an Aramco oil storage and shipping facility in Jeddah. Most of the projectiles were intercepted although an Aramco owned distribution center was hit causing a fire but no casualties, according to 'The National' newspaper. *"The Kingdom stresses the importance of the international community being aware of the danger of Iran continuing to provide the terrorist Houthi militias with ballistic missile and advanced drone technologies, with which they target oil and gas production sites and their derivatives in the Kingdom,"* a Saudi Energy Ministry statement read. In response to this latest attack the US national Security Advisor, Jake Sullivan, was quoted by 'Arab News' saying that the *"Unprovoked Houthi attacks against Saudi Aramco's oil storage facilities in Jeddah as well as attacks against civil facilities in Jizan, Najran, and Dhahran are acts of terrorism aimed to prolong the suffering of the Yemeni people. Today's attacks, just like the attacks against water treatment plants and energy infrastructure on March 19 and 20, were clearly enabled by Iran in violation of UN Security Council resolutions prohibiting the import of weapons into Yemen."* The Arab coalition retaliated by launching airstrikes against Houthi strongholds near the Yemeni city of Hodeidah and reportedly destroyed a weapons warehouse in Salif. Since then the militia group has announced that it would implement a unilateral ceasefire for three days. *"We will suspend cross-border missile and drone attacks and all military actions against Saudi Arabia for a period of three days. If Saudi Arabia would agree to end its airstrikes and blockade against Yemen, we are ready to turn this declaration into a final and permanent commitment. The initiative includes the suspension of all ground battles on all frontlines, including the province of Marib,"* the head of the Houthi militia's Supreme Political Council was quoted as saying on Saturday according to the 'Xinhua' news agency.

Iraqi MPs Fail To Elect New President.

Another attempt by Iraq's parliament to elect a new President of the country failed this past weekend due to a boycott of vote by a number of MPs. Iraq's constitution states that a two-thirds quorum is required in order for such a vote to proceed but only 202 of the 329 members were physically present at Saturday's meeting. This latest failure will likely exacerbate an ongoing political deadlock in the country even though the Presidency is essentially a ceremonial position. You can access more on this topic [here](#).

IMF Describes Egypt's Exchange Rate Adjustment As 'A Welcome Step'.

The IMF said in a statement published late last week that *"the rapidly changing global environment and spillovers related to the war in Ukraine are posing important challenges for countries around the world, including Egypt. In that context, the Egyptian authorities have requested the International Monetary Fund's support to implement their comprehensive economic program. A set of macroeconomic and structural policy measures would mitigate the impact of this shock on the Egyptian economy, protect the vulnerable, and preserve Egypt's resilience and medium-term growth prospects . To this end, the authorities' recent actions to expand targeted social protection and implement exchange rate flexibility are welcome steps. Continued exchange rate flexibility will be essential to absorb external shocks and safeguard financial buffers during this uncertain time . Prudent fiscal and monetary policies will also be needed to preserve macroeconomic stability. Staff is working closely with the authorities to prepare for program discussions with a view to supporting our shared goals of economic stability and sustainable, job-rich, and inclusive medium-term growth for Egypt."*

Kuwait Ponders New Draft Law On Residency For Expats.

According to a report published by the 'Gulf News' website, Kuwaiti MPs are currently debating a draft law which if implemented, could limit an expatriate's stay in the country to a maximum of five years. However, it includes other potential amendments to the current residency and naturalization rules, including the granting

of 15-year residency visas to foreign investors and expat owners of property in Kuwait. You can access more on this topic [here](#).

Dubai's Real Estate Market Has Record Start In 2022.

Dubai's real estate market has had its strongest start to a year on record, according to data released by Property Monitor. This performance was highlighted by the execution of 6,346 transactions last month alone, which was 43.50% higher than any previous February. *"Dubai remains very affordable by international standards with many European markets raising barriers to external investment, coupled with rising interest rates and inflation headwinds dampening the post-COVID recovery. This combination of factors could be added momentum for Dubai as a safe-haven market in the near term,"* the COO of Property Monitor was quoted as saying by 'The National' newspaper last week.

ENI Reports Major Oil & Gas Find In Algeria.

The Italian energy giant ENI together with its local partner Sonatrach, have reportedly made a significant oil and gas discovery within Algeria's Zemlet el Arbi concession according to the 'Energy Capital & Power' news site. Preliminary estimates from the first test well suggest that this discovery holds approximately 140 mio barrels of oil in place and could also produce 5 mio scfd of gas. *"With this discovery, Eni and Sonatrach continue to successfully pursue their near field and infrastructure-led exploration strategy, allowing a rapid valorisation of these new resources,"* ENI said in a statement.

Chandris Hellas Eyes Fresh Energy Opportunities In Egypt.

Representatives of Greece's Chandris Hellas Group, (including its chairman) met last week with various senior Egyptian officials on expanding the shipping company's activities with the North African country. According to the 'Egyptian Independent' newspaper, the Greek firm has expressed a strong desire to increase its activity and investments in Egypt including the transport of LNG to Europe following the sharp rise in demand for such energy.

ADNOC To Partner With Germany On Clean Hydrogen Projects.

ADNOC recently signed a memorandum of understanding and joint study agreements with a number of German companies which are aimed at deepening collaboration in the hydrogen sector. One of the main goals of these agreements is the supply of green hydrogen from the UAE to Wilhelmshaven in Germany using LOHC technology, a report published on the 'offshore-energy.biz' website says.

FX/RATES & CRUDE MARKETS:

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Currency	Spot	1M	2M	3M	6M	9M	12M	2Y
USD/AED	3.6730/31	-1.5/-0.5	-2/Par	-3/Par	-4/-1	-3/Par	-2+3	10/40
USD/SAR	3.7511/14	13/16	19/24	25/30	37/42	47/52	55/65	105/125
USD/KWD	0.30440/460	11/16	22/32	33/43	65/85	100/130	130/160	200/300
USD/OMR	0.38500/510	-25/-10	-30/-15	-30/-15	-35/-15	-30/Par	-15/+25	Par/+150
USD/BHD	0.37702/707	10/20	20/30	25/40	50/75	80/110	110/140	200/400
USD/MAD	9.4300/4600	50/250	150/350	300/600	500/900	800/1500	1000/2000	2000/4000
USD/EGP NDF	18.3085	18.40/18.55	18.60/18.75	18.85/19.00	19.35/19.55	19.90/20.20	20.40/20.60	-
USD/JOD	0.7085/95	30/80	50/150	100/200	250/450	400/700	500/900	700/1700
USD/NGN NDF	415.36	417.00/421.00	419.75/424.75	422.00/427.00	432.00/442.00	442.00/452.00	453.00/463.00	(NAFEX)
USD/GHS NDF	7.6000	7.6800/7.7300	7.8500/7.9000	7.9500/8.0000	8.20/8.30	8.4500/8.6000	8.7500/8.9000	-
USD/TND	2.8550/8850	100/250	200/500	400/900	700/1400	1000/2000	2000/3000	4000/6000
Crude Oil	Futures							
WTI	\$110.35							
Brent	\$117.25							

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

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+32/42	+35/45	+39/49	+44/54	+50/60	+56/66	+63/73	+80/90
SAR SPREAD	+112/122	+100/110	+95/105	+94/104	+96/106	+98/108	+101/111	+111/121

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

AND FINALLY...

Did you know that Formula 1 Racing's links to Saudi Arabia go back to the 1970s, when the Saudia national airline sponsored the Williams team?

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