

Market Insights & Strategy

Global Markets

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MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

US Crude Inventories Rise - IEA Chief Issues Warning.

According to the latest EIA report, commercial oil inventories in the US rose by 3.90 mio barrels to 440.80 mio last week, although this is still 3% below the five-year average. Meanwhile, gasoline stocks dropped to 205.70 mio an eight-year low and the level of distillates (including heating oil) slipped to 106.30 mio barrels, which is about 17% below the five-year average. However, oil prices softened again overnight driven primarily by a reported rise in COVID-19 cases in China and the consequent tightening of lockdowns (including in the important manufacturing hub of Guangzhou), together with a warning by the head of the IEA, Fatih Birol, who suggested that oil prices at US\$100 and above were “*a real risk to the global economy*”.

Iranian Rial Hits Fresh Lows.

Iran's Central Bank has reportedly issued a directive banning in-person sales of foreign currencies in bureau de changes, as the local currency hit fresh new lows against the US dollar in the open market this week. According to 'BNE Intellinews' individuals wanting to purchase hard currency now need to first register their request for FX via an official government website and then await permission from the CB, before they can approach a currency trader. The Rial was trading close to 367,5000 per US dollar in the unofficial market earlier this week, according to various media sources. Meanwhile, the head of the IAEA, Rafael Mariano Grossi, has claimed that Tehran “*didn't bring anything new*” to its most recent bilateral talks with the nuclear watchdog in Vienna.

Nigeria's Oil Production Almost 40% Below Target.

Nigeria's crude oil production totaled 284.70 mio barrels during the first nine-months of this year compared to an original budget related target of 468.80 mio barrels, according to an article posted on the 'This Day Live' news site, which quoted information provided by the

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country's Upstream Petroleum Regulatory Commission. Meanwhile daily output hit a new low of 937,000 bpd in September, although that reportedly recovered to 1.02 mio bpd last month. However, this is still far below its allocated OPEC+ output cap of 1.77 mio bpd. Lower oil related revenues has also impacted the country's FX reserves level which slipped to US\$37.39 bio in October from US\$40.50 bio at the beginning of the year.

Egypt's CPI Rate Rises To 16.20% y/y.

Egypt's CPI rate rose to 16.20% y/y last month (from 15.00% in September) and was driven primarily by higher food prices, the latest data released by the country's statistics agency showed. Meanwhile, Egypt's Finance Minister, Mohamed Maait, said this week that he believes his country will be able to plug its current external funding gap and is actively diversifying its sources of financing. *"We are dealing with the difficult circumstances of the international market by diversifying our financing sources. We see potential in the Chinese, Japanese and Sukuk bond markets and we are working on issuing sustainable bonds,"* the minister was quoted as saying by 'Bloomberg', adding that *"We have seen some inflows in the local debt market in the recent days after the devaluation and the IMF deal. But we have to learn the lesson, which is that this kind of inflows is not secure and Egypt should focus on boosting foreign direct investment and exports."* You can read more of his comments [here](#).

KSA Amends Visa Rules.

Saudi Arabia's Council of Ministers has approved an extension of the period of stay for single entry visit visas to three months from its previous limit of 30 days. The duration of stay for transit visas has also been extended to 96 hours, according to the 'Saudi Gazette'. These amendments follow last month's decision by the Saudi Tourism Ministry to issue multi-entry 60-day visas to all tourists holding a FIFA World Cup Qatar Hayya Card from the 1st of November for the duration of the football tournament in Qatar. You can find more details on this latter topic [here](#).

Emirates Airline Reports Record H1 Profit.

Dubai based Emirates airline has reported a AED 4 billion profit for the first half of this financial year (April – Sept 2022) compared with a loss of AED 5.80 bio during the same period in 2021. *"Across the group, our operations recovery accelerated as more countries eased and removed travel restrictions. We were ready and amongst the first movers to serve the strong customer demand thanks to our robust business plans, the support of our industry partners, and our ongoing investments,"* the chairman and CEO of the carrier, Sheikh Ahmed bin Saeed, was quoted as saying by 'The National' newspaper.

Saudi Arabia Looks To Expand Energy Ties With Oman & Japan.

The Saudi Energy Minister, Prince Abdulaziz bin Salman and his Omani counterpart Salim Nasser Al Awfi, signed an MOU this week which is aimed at forging closer bilateral cooperation in the fields of conventional and renewable energy, including hydrogen and carbon capture. Meanwhile in a separate development, the Kingdom's Minister for Investment, Khalid Al-Falih, has expressed his country's keenness to expand the already strong commercial ties with Japan, during his speech at the Sixth 'Saudi-Japan Vision 2030' meeting, particularly within the energy sector. *"We are investing here in Japan with Showa Shell initially, now with Idemitsu, But we will also invest in Saudi Arabia. Blue and green hydrogen are also important for Saudi Arabia's agenda,"* Al Falih was quoted as saying by the 'Hydrogen Central' website, adding that *"Blue and green hydrogen are being invested in in Saudi Arabia at a scale nobody else is doing, and we started the discussion with our Japanese counterparts more than ten years ago. In NEOM, the world's largest hydrogen project is being built and ARAMCO is investing to produce 11 million ton of blue hydrogen that is being done in coordination and consultation with Japanese companies."*

DB International Seals Rail Contract In Egypt.

Germany's DB International has been awarded a 15-year contract to operate Egypt's future high-speed rail network, according to the 'Rail Journal' website. The first line of the network will reportedly connect Alexandria and Cairo by 2025.

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	-1/+2	Par/+3	1/4	2/5	3/8	4/9	15/45
USD/SAR	3.7600/7630	7/12	6/11	5/10	4/14	5/15	5/15	15/65
USD/KWD	0.30925/945	-40/-30	-65/-45	-90/-70	-130/-100	-140/-90	-140/-90	-130/-30
USD/OMR	0.38495/500	2/7	2/12	Par/+15	Par/+30	10/50	20/70	60/210
USD/BHD	0.376985/695	30/35	48/58	64/74	100/130	150/180	190/240	290/490
USD/MAD	10.9000/9300	-80/+80	-180/-20	-250/Par	-500/-50	-700/-100	-800/-100	-1500/Par
USD/EGP NDF	24.3934	24.85/25.10	25.20/25.50	25.55/25.85	26.40/26.70	27.25/27.55	28.10/28.40	-
USD/JOD	0.7097/7102	40/140	125/275	225/425	450/700	600/1000	700/1200	800/1800
USD/NGN NDF	443.80	449.00/455.00	459.00/469.00	477.00/487.00	510.00/520.00	542.00/557.00	578.00/539.00	(NAFEX)
USD/GHS NDF	14.5000	15.00/15.50	15.70/16.20	16.10/16.60	17.10/17.70	18.10/18.70	19.20/19.80	-
USD/TND	3.2900/3200	Par/100	20/150	25/275	200/800	500/1500	800/2300	2000/5000
Crude Oil	Futures							
WTI	\$85.80							
Brent	\$92.80							

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

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	-6/+4	-1/+9	+7/17	+16.5/26.5	+27.5/37.5	+36/46	+42/52	+54/64
SAR SPREAD	+67/77	+67/77	+70/80	+71.5/81.5	+74/84	+77/87	+81/91	+90/100

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

AND FINALLY...

Did you know that hydrogen is the simplest and most abundant element in the universe, but it rarely exists as a gas on Earth and thus has to be separated from other elements?

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