

# Market Insights & Strategy

Global Markets

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## MIDDLE EAST & AFRICAN MONITOR

- **OPEC Chief Warns Of ‘Future Energy Crisis’ Risk.**
- **‘Kamikaze Drone’ Attack On Oil Tanker Near Oman.**
- **Indian Refiners Delay Fresh Orders From Russia As Price Cap Looms.**
- **UK Consumers Face Highest Electricity Bills In The World.**
- **FITCH Downgrades Nigeria’s IDR Rating To B-.**
- **Mubadala Buys Strategic Stake In AirCarbon Exchange.**
- **Our Crowd To Expand Its Operations In Abu Dhabi.**
- **Saudi Aramco Sub To Build Petrochemical Facility In South Korea.**
- **Riyadh Office Space Approaches 100% Occupancy.**

### REGIONAL COMMENTARY

#### **OPEC Chief Warns Of ‘Future Energy Crisis’ Risk.**

OPEC’s Secretary-General Haitham al Ghais said this week, that the renewable energy sector was not yet able to meet the world’s power needs and as such conventional oil will need to play a key role in helping to combat climate change. *“The oil industry is part of the solution and can assist with carbon capture and hydrogen technologies. A just and inclusive transition is not about the misguided narrative of abandoning one energy source for another,”* al Ghais was quoted as saying by ‘Bloomberg’, adding that unless more investment was made into the conventional sector in the coming years then the world could run into a major supply problem. *“If we do not get it right this time then we could sow the seeds for future energy crises,”* he warned. Meanwhile, OPEC has lowered its oil demand growth forecast for next year saying in its latest monthly report that, *“in 2023, world oil demand growth is revised down by around 0.10 mio bpd to stand at 2.20 mio bpd to average 101.8 mio bpd, supported by expected geopolitical improvements and the containment of COVID-19 in China.”* You can access the full OPEC report for November [here](#).

#### **‘Kamikaze Drone’ Attack On Oil Tanker Near Oman.**

A Liberian registered but Israeli affiliated oil tanker the Pacific Zircon, was *“hit by a projectile approximately 150 miles off the coast of Oman on the afternoon of November 15”* the tanker’s owners have said in a statement, adding that they were *“in communication with the vessel and there is no reports of injuries or pollution. All crew are safe and accounted for. There is some minor damage to the vessel’s hull but no spillage of cargo or water ingress.”* According to an unnamed Israeli official quoted by ‘CNN’ this projectile was believed to have been a *“HESA Shahed 136 self-destructing drone, the same ones being used in Ukraine.”* This claim was supported by General Michael Kurilla from

US Central Command who said that the, *“exploitation of the debris that hit the vessel reveals that it was a Shahed-series one-way attack drone. This unmanned aerial vehicle attack against a civilian vessel in this critical maritime strait demonstrates, once again, the destabilizing nature of Iranian malign activity in the region.”* This event comes just a few days after the US Navy revealed that it had [discovered](#) 70 tons of a missile fuel component hidden amongst bags of fertilizer aboard a dhow sailing from Iran to Yemen.

### **Indian Refiners Delay Fresh Orders From Russia As Price Cap Looms.**

As uncertainty surrounds what the G7's exact price cap on Russian oil purchases will be from December 5<sup>th</sup> 2022, a number of refiners in India as well as some Chinese buyers are apparently holding back from placing orders beyond that date until there is more clarity on this price, according to 'Reuters'. Both countries are currently Russia's largest customers, with India reportedly importing 946,000 bpd of Russian crude last month compared to just 36,355 bpd in December last year. Although the initial price cap level is still to be announced, the US treasury has published an updated [note](#) to its detailed original [guidelines](#) about this impending sanction.

### **UK Consumers Face Highest Electricity Bills In The World.**

According to a recent study undertaken by Bost, the United Kingdom currently has the highest electricity prices in the world with domestic consumers paying an average of 19.31 pence per kWh, followed by Ireland at 18.99 pence and Spain at 18.51 pence. Meanwhile Norway has experienced the largest percentage rise in electricity prices over the past five years (+91% since 2016).

### **FITCH Downgrades Nigeria's IDR Rating To B-.**

The FITCH ratings agency has downgraded its Long-Term Foreign-Currency Issuer Default Rating on Nigeria to 'B-' from 'B' with a stable outlook. In a statement explaining their decision the agency said it reflected a *“continued deterioration in Nigeria's government debt servicing costs and external liquidity despite high oil prices in 2022. Low oil production and the expensive subsidy on petrol have consumed most of the fiscal benefit of high oil prices in 2022 and will continue to stress already low government revenue levels. If implemented, subsidy reduction in 2023 would benefit public finances, but constrained oil production and structurally low domestic non-oil revenue mobilization will limit potential gains.”* You can access the FITCH statement in full [here](#).

### **Mubadala Buys Strategic Stake In AirCarbon Exchange.**

The Abu Dhabi based sovereign wealth fund Mubadala has acquired a strategic stake in AirCarbon Exchange (ACX) which is based in Hub71 Abu Dhabi's global tech ecosystem. ACX, has offices in both Singapore and Abu Dhabi, uses blockchain technology to securitize carbon credits and will soon begin operating the first carbon exchange in the United Arab Emirates. *“The UAE continues to be a leader in leveraging the path to a lower carbon economy to safeguard the environment, drive down emissions and create lasting economic opportunities. The investment by Mubadala in ACX is a great testament to the commitment towards climate action, which will enable investors and businesses to voluntarily purchase verified emissions reductions in the form of carbon credits within the progressive ecosystem of ADGM. As one of the first-fully regulated jurisdictions in the world to regulate carbon credits and offsets as environmental instruments in a voluntary market, ADGM is committed to playing a leading role in facilitating the transition to a lower carbon economy by stimulating sustainable finance flows of investments,”* the Chairman of Abu Dhabi Global Market, Ahmed Jasim Al Zaabi, was quoted as saying by [‘Zawya’](#).

### **Our Crowd To Expand Its Operations In Abu Dhabi.**

The Israeli venture capital firm Our Crowd has announced, that it is planning to expand its Our Crowd Arabia operations centre in Abu Dhabi This will include the establishment of an Artificial Intelligence hub in the UAE capital in partnership with the Abu Dhabi Investment Office. *“The World Economic Forum ranks the UAE first in the world in best e-infrastructure and macroeconomic stability, and the third most-trusted government. These factors, with numerous other advantages including global talent and market access, underscore why Abu Dhabi is now home to OurCrowd Arabia and OurCrowd's new AI spin-off, and why we will continue to invest in the innovation infrastructure and talent in the country,”* the CEO of Our Crowd, Jon Medved was quoted as saying by 'The National' newspaper.

### Saudi Aramco Sub To Build Petrochemical Facility In South Korea.

S-Oil a Saudi Aramco affiliate company, is reportedly planning to build a US\$7 bio petrochemical steam cracker facility in South Korea, according to the 'Saudi Press Agency'. Once operational this new plant is expected to have a production capacity of up to 3.20 mio tons of petrochemicals per annum. You can access more details on this project [here](#).

### Riyadh Office Space Approaches 100% Occupancy.

According to a recent report published by Knight Frank grade-A office space in Riyadh is currently close to 98% occupancy. "The number of foreign investment licenses issued during Q2 was nearly 700% up on last year, led by retail, construction, manufacturing, hotels and F&B and business services companies, all of whom are contributing to the record level of office requirements we are recording. Separately, FDI levels hit SAR 3.50 bio during Q2, across 49 deals, up from 37 in Q1, which alone has created 2,000 new jobs which will inevitably filter through to the office market in the form of new space requirements," the head of Middle East research at Knight Frank was quoted as saying by the 'Zawya' media outlet. You can read more on this topic [here](#).

### 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	Par/+3	1/4	2/5	3/8	4/7	5/10	15/45
USD/SAR	3.7580/90	29/34	32/37	33/38	33/38	30/40	30/40	30/80
USD/KWD	0.30780/800	-50/-40	-75/-55	-95/-65	-140/-110	-150/-100	-160/-110	-135/-25
USD/OMR	0.38498/503	Par/+5	Par/+10	Par/+15	Par/+30	05/45	15/65	60/210
USD/BHD	0.376985/695	28/38	50/65	65/80	120/150	160/190	190/240	290/490
USD/MAD	10.6700/7100	-80/+80	-180/-20	-250/Par	-500/Par	-700/-100	-800/-100	-1500/Par
USD/EGP NDF	24.4977	24.75/24.95	25.05/25.20	25.43/25.58	26.40/26.60	27.40/27.60	28.43/28.58	-
USD/JOD	0.7097/7102	40/140	125/275	225/425	450/700	600/1000	700/1200	800/1800
USD/NGN NDF	444.48	447.00/452.00	459.00/464.00	473.00/478.00	512.00/522.00	548.00/558.00	586.00/596.00	(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	3.2000/2300	Par/100	20/150	25/275	200/800	500/1500	800/2300	2000/5000
<b>Crude Oil</b>	<b>Futures</b>							
WTI	\$85.20							
Brent	\$92.60							

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

### AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	-5/+5	-1/+9	+8/18	+21/31	+31/41	+38.5/48.5	+44/54	+58/68
SAR SPREAD	+74/84	+69/79	+72/82	+76/86	+81/91	+87/97	+94.5/104.5	+111/121

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

### AND FINALLY...

Did you know that Bahrain was where the first oil well in the Arabian Gulf became operational in 1932?

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