

Market Insights & Strategy

Global Markets

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MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

French President Criticizes US Energy Policies.

In a speech given in Brussels last Friday the French President, Emmanuel Macron, accused the US of conducting unfair trade and energy policies. *"The North American economy is making choices for the sake of attractiveness, which I respect, but they create a double standard with lower energy prices domestically while selling natural gas to Europe at record prices. In addition allowing state aid going to up to 80% on some sectors while it's banned here, you get a double standard, it comes down to the sincerity of transatlantic trade,"* Macron was quoted as saying by Bloomberg. A recent article published by the 'Oil Price' website, estimates that US natural gas exports to France increased by 421% during the first eight months of this year, but the value of those gas supplies increased by 1094% in August alone due to higher LNG prices. Meanwhile, in a separate development, the Biden administration released a statement on its energy security plans last week, which confirmed that the government would begin replenishing the country's strategic petroleum reserves once the price of WTI reached the US\$67-72 a barrel levels, effectively putting a floor in the market. You can access this specific White House statement [here](#).

China's LNG Imports Fall Sharply In 2022.

According to a Wood Mackenzie study published earlier this year, Chinese LNG imports are expected to fall by around 14% y/y in 2022, which would be its largest annual decline on record since the Asian giant first began importing LNG back in 2006. Their prediction is driven primarily by both a slowing domestic economy, high spot LNG prices and the increased use of clean coal. *"China is unlikely to change its coal policy as the backstop of energy security in the near future. National policy is unlikely to encourage gas demand in a significant manner due to concerns over supply chain pressure and affordability. As such, we forecast China's LNG imports to fall 14%*

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year-on-year to 69 Mt this year. In 2015 China's LNG imports declined for the first time but by 1% only. Japan will move back to becoming the world's largest LNG importer this year," a Wood Mackenzie analyst stated. The decline in domestic demand for LNG in China has provided some relief to energy starved Europe with Chinese energy companies reportedly offering about 30% more LNG for resale on the global market between January and August than they bought over the same period, according to the IEA. However, whether or not this situation repeats itself in 2023, will largely depend on how Beijing handles its current zero-Covid policy in the months ahead.

Attempted Drone Attack On Oil Terminal In Yemen.

A Yemeni government official said over the weekend, that the country's security forces had successfully intercepted two armed Houthi drones targeting a Marshall Islands flagged vessel, (the 300,000 dwt VLCC 'Nissos Kea') which was docked at the al-Dhabba oil terminal last Friday, and no damage has been reported. According to a Reuters, the Houthi rebel group claimed responsibility for this latest attack in a statement which read; *"We renew our warning to all companies to fully comply with the decisions of the authorities in Sanaa and shun away from any contribution to the looting of Yemeni resources."* On Saturday Yemen's National Defense Council issued a statement, calling on the international community to assume its responsibilities to confront *"this dangerous escalation by the Houthi militia and their supporters by targeting civilian objects and economic installations in a premeditated war crime that requires firm punishment by designating these militias as an international terrorist group and taking all subsequent measures."*

US Says Nuclear Deal With Iran 'Not On The Agenda'.

The US Special Envoy on Iran, Robert Malley, said last week that any agreement with Tehran to return to the JCPOA accord is unlikely to happen anytime soon. *"Right now the talks on revival of JCPOA are not on the US agenda; the focus is on what's happening in Iran as the talks are stalled. Iran has taken a position in those talks for the past two months, which is simply inconsistent with a return to the deal,"* Malley stated during an interview with CNN. His comments tally with those made last Friday by the US Secretary of State, Anthony Blinken, when he was quoted as saying, *"In this moment, there's no prospect for an agreement again, because Iran continues to inject extraneous issues into the conversations that we've had. And the European Union, our partners, France, Germany, the United Kingdom, are all in the same place when it comes to that."* All this supports our view, as outlined in our most recent [oil market note](#), that the chances of a refreshed nuclear deal this year are pretty much zero.

Lebanese Pound Hits New Record Low.

Lebanon's Central Bank announced yesterday, that it would be suspending its purchases of US dollars on its 'Sayrafa' platform from tomorrow until further notice, although it would continue to sell dollars. Local media reports have claimed that this move was an attempt to try and stabilize the Lebanese Pound after it hit a new low of LBP40,000 per US Dollar in the unofficial parallel market last week. The Sayrafa platform is made accessible to domestic commercial banks and foreign exchange dealers. Meanwhile, Egypt's Minister of Petroleum and Mineral Resources, Tarek El Molla, reportedly confirmed his country's readiness to begin transporting natural gas supplies to Lebanon as soon as possible, during a meeting with his Lebanese counterpart in Cairo last week, adding that this would begin as soon as the procedures related to the start of exporting and receiving Egyptian gas on Lebanese territory have been completed. According to the [Egypt Today](#) news site, the countries have also approached the World Bank to finance the value of the exported gas.

Alfanar Wins Solar Plant Contract in KSA.

Alfanar has been awarded a SAR 1.20 bio contract to build a 110 MW ground-mounted PV project in Saudi Arabia, which includes a 380 kV substation and 173 km of overhead transmission lines. Once operational, this facility will provide electricity to desalinate seawater through reverse osmosis at the Jubail 2 Desalination Plant, according to 'PV Magazine'. You can access more information about this project [here](#).

Shell Acquires Stake In Qatar LNG Project.

QatarEnergy announced yesterday, that Shell would take a 9.375% stake in the North Field South expansion project. Once completed the project will have expanded Qatar's LNG production capacity by 16 million tons per annum, according to the 'Arabian Business' website.

Mubadala Forms Alliance With KKR.

According to 'The National' newspaper, Abu Dhabi's Sovereign Wealth Fund has entered into a strategic partnership with the private equity firm KKR which will see the entities co-invest up to US\$1 bio into performing private credit opportunities in the Asia-Pacific region.

CNPC Units Seals Refinery Contract In Iraq.

A subsidiary of the China National Petroleum Corporation has reportedly won a US\$386 mio contract to engineer, construct and commission two new crude oil processing facilities (each with a capacity of 120,000 bpd) at the Mishrif Qurainat oilfield in Iraq, according to various media reports.

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/+1	Par/+3	-1/+2	-2/+2	-3/+2	-4/+3	10/40
USD/SAR	3.7580/7600	34/44	35/45	25/35	32/42	36/46	40/50	80/130
USD/KWD	0.31015/035	-25/-15	-35/-20	-45/-25	-70/-30	-80/-40	-90/-50	-135/-35
USD/OMR	0.38498/503	-20/-10	-22/-12	-25/-10	-30/Par	-15/+15	Par/30	40/190
USD/BHD	0.37698/703	25/30	45/55	60/75	110/130	150/170	180/210	270/470
USD/MAD	10.9500/9800	-75/+75	-150/+100	-250/+50	-400/+100	-600/Par	-700/-50	-1400/-100
USD/EGP NDF	19.6753	21.20/21.70	22.10/22.60	22.45/22.95	23.30/23.90	24.00/24.70	24.70/25.40	-
USD/JOD	0.7095/7100	40/140	125/275	225/425	450/700	600/1000	700/1200	800/1800
USD/NGN NDF	440.50	442.50/448.50	452.00/458.00	467.00/477.00	500.00/510.00	532.00/547.00	560.00/575.00	(NAFEX)
USD/GHS NDF	11.0500	14.2200/15.2200	14.8200/15.8200	15.4200/16.4200	17.0200/18.0200	17.6200/18.6200	17.8200/18.8200	-
USD/TND	3.2900/3200	Par/100	20/150	25/275	200/800	500/1500	800/2300	2000/5000
Crude Oil	Futures							
WTI	\$84.65							
Brent	\$93.05							

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

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	-10/0	-1/+9	+5.5/15.5	+16.5/26.5	+27/37	+34/+44	+40/50	+52/62
SAR SPREAD	+89.5/99.5	+88.5/98.5	+89.5/99.5	+91.5/101.5	+94.5/104.5	+96.5/106.5	+98/108	+109/119

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

AND FINALLY...

Did you know that with nearly 5,000 years of history, Lebanon is one of the world's oldest countries?

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