

Market Insights & Strategy

Global Markets

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MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

Oil Prices Edge Up As Chengdu Reopens But Recession Fears Remain.

Crude prices edged higher during today's opening session, driven primarily by the news late last week that the capital city of China's Sichuan province had exited its most recent COVID-19 lockdown and that oil exports from the Iraqi port of Basra had resumed over the weekend following a spillage incident. However, prices have since dipped back again as market participants remain concerned over the health of the global economy, especially in Europe where a recession continues to appear likely. On a separate note, China's gasoline exports jumped by more than 97% last month compared to the same period last year as weak domestic demand encouraged refiners to apply for larger export quotas.

Number Of Active US Oil Rigs Rises.

The number of active US oil rigs rose to 599 last week from 591 the previous week and marks the first such increase since the end of August. Meanwhile, the US Department of Energy has quashed rumours that it may start rebuilding the country's strategic oil stocks if WTI falls below US\$80 a barrel. "Claims that we are currently considering buying oil once it dips below US\$80 a barrel are inaccurate. The Department of Energy proposed an approach months ago to replenish the Strategic Petroleum Reserve, and that approach does not include any such trigger proposal. As we said then, we anticipate that replenishment would not occur until well into the future, likely after fiscal year 2023," a DOE spokesperson was quoted as saying by 'Bloomberg'.

Iran Says No Deal Possible With US Unless It Provides Guarantees.

The chances of a fresh nuclear deal between the US and Iran remains low despite months of 'on-again off-again' talks, and the latest official comments

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from Tehran have not changed that outlook. In an interview with an American television outlet which was broadcast yesterday, the Iranian President said that any new deal would be meaningless unless Washington provided a guarantee that it would not pull out again in the future. *"If it's a good deal and fair deal, we would be serious about reaching an agreement. It needs to be lasting. We cannot trust the Americans because of the behavior that we've already seen from them. That is why if there is no guarantee, there is no trust,"* Ebrahim Raisi said to CBS. As we have opined previously, even on a legal basis such a guarantee is probably impossible for the Biden administration to give.

Egypt Plans To Hike Its Suez Canal Fees.

The chairman of Egypt's Suez Canal Authority recently announced that transit fees on vessels using the canal will rise by as much as 15% from the beginning of next year, due to increasing operational and maintenance costs. Bulk carriers and passenger liners will see their fees raised by 10% whilst those for oil tankers will rise by 15%. An estimated 10% of global trade passes through this strategic waterway which is also a major source of foreign exchange for Egypt.

Saudi Arabia's Inflation Rate Is 'Within Reasonable Levels' – SAMA.

The head of the Saudi Monetary Authority, Dr Fahd Al-Mubarak, said recently that although the Kingdom's inflation rate remained within *"reasonable levels"*, the Gulf region was not immune to the changing global economic environment. *"The geopolitical tensions in Europe led to a slowdown in global economic growth by 3.20%. The Arab countries are not isolated from the effects of the challenges of the economies, and it is necessary to study the possible measures to reach sustainable economies,"* Dr Fahd was quoted as saying by the 'Arabian Business' news site. Saudi Arabia's CPI rate rose to 3% last month from 2.70% in July. Meanwhile, in its latest report S&P said that it expects Saudi Arabia to record a 6.30% budget surplus and achieve GDP growth of 7.50% in 2022. The agency also upgraded its ratings outlook on the country to positive.

Bankers In Lebanon Go Out On Strike.

Banks in Lebanon have reportedly decided to close for at least three days this week, following a spike in the number of heists across the country in recent weeks, including five such attempts last Friday alone and conducted primarily by depositors trying to withdraw their savings. The Association of Banks in Lebanon said that the three-day strike action was taken in protest against the depositors' actions and in order to give the banks time to figure out a way to better protect their branches. You can find more details on this topic [here](#). Meanwhile, an IMF mission is due to visit Lebanon this week in an attempt to discuss ways to *"speed up"* the implementation of previously agreed economic reforms. *"We are looking to support Lebanon as strongly as we can. It's a difficult situation. There's been slow progress in implementing some of the critical actions that we think are required to move forward with a program,"* an IMF spokesperson was quoted as saying last week by the 'Al Arabiya' media outlet.

Shops In Kuwait's Residential Areas Must Close By Midnight.

Kuwait has reportedly implemented an administrative decree which orders all stores, restaurants and coffee shops that are located in residential areas, including those operating in apartments, cooperative societies and commercial blocks, to close by midnight daily at the latest. According to a municipal official quoted by the 'Gulf News' media outlet, this decree *"aims to serve the public good, ensuring safety and quietude in residential areas as well as to protect youngsters against potential negative effects."*

SP International Wins Construction Contract In Dubai.

The UAE based subsidiary of India's Shapoorji Pallonji Engineering & Construction company has been awarded a US\$218 mio contract to build luxury villas and townhouses within the Tilal Al Ghaf mixed-use project in Dubai according to 'Zawya'.

NESR Seals Drilling Contract In KSA.

US based National Energy Services Reunited Corporation has won a four-year drilling contract in Saudi Arabia. The contract includes directional drilling, measurement while drilling, performance drilling and well engineering according to the 'Trade Arabia' website.

FX/RATES & CRUDE MARKETS:

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Currency	Spot	1M	2M	3M	6M	9M	12M	2Y
USD/AED	3.67295/305	-2/Par	-4/-1	-5/-2	-8/-5	-10/-5	-11/-6	10/40
USD/SAR	3.7565/85	6/9	5/10	-1/+6	-9/-2	-14/-4	-15/-5	Par/+50
USD/KWD	0.308900/9100	-35/-25	-55/-45	-65/-45	-100/-70	-110/-60	-120/-70	-100/Par
USD/OMR	0.38500/505	-11/-6	-15/-5	-17/-7	-25/-5	-10/+10	-5/+25	100/250
USD/BHD	0.37699/704	18/23	30/45	42/57	80/110	110/140	130/180	265/425
USD/MAD	10.7000/7300	Par/+50	Par/+80	Par/+150	50/250	50/300	50/350	100/1500
USD/EGP NDF	19.4138	20.65/21.10	21.40/21.90	21.70/22.30	22.30/23.10	23.30/24.10	23.60/24.40	-
USD/JOD	0.7095/7100	40/140	70/170	200/400	400/700	550/950	700/1200	800/1800
USD/NGN NDF	435.53	436.00/442.00	439.00/445.00	443.00/453.00	468.00/478.00	493.00/508.00	520.00/535.00	(NAFEX)
USD/GHS NDF	10.1000	10.1000/10.2500	10.3000/10.4500	10.4500/10.6500	11.0000/11.2500	11.5500/11.9500	12.2500/12.6500	-
USD/TND	3.2000/2300	20/120	50/250	75/425	200/1500	1000/2000	1500/3000	3000/6000
Crude Oil	Futures							
WTI	\$84.15							
Brent	\$90.60							

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

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	-15/-5	-5/+5	+8/18	+20/30	+31/41	+40/50	+45/55	+55/65
SAR SPREAD	+25/35	+38/48	+50/60	+62/72	+72/82	+79/89	+82/92	+94/104

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

AND FINALLY...

Did you know that renewable energy capacity in the UAE rose to 2.54GW in 2020 from just 13MW in 2011?

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