

# Market Insights & Strategy

Global Markets

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## MIDDLE EAST & AFRICAN MONITOR

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### REGIONAL COMMENTARY

#### **Oil Prices Remain Steady – India's Russian Oil Imports Hit New High.**

The primary crude oil benchmarks continue to hover around the recent highs reached following the OPEC+ decision more than a week ago, trading also remains somewhat light due to the long Easter weekend. Meanwhile, the overall focus now appears to have returned to the health of the global economy and thus the outlook for demand growth. However, one issue to watch in the weeks to come is the potential impact of a planned strike by more than 1300 offshore oil and gas workers in the North Sea who have voted to go out on a 48 hour strike from April 24th after failing to settle contract disputes. In separate news, India's purchases of discounted Russian crude oil hit a new record high of 1.64 mio bpd last month, according to data published by 'Bloomberg'. Prior to the start of the conflict in Ukraine and consequent sanctions on Moscow, Russian oil accounted for less than 1% of India's total crude imports, now it stands close to 35%.

#### **China Continues To Boost Its Gold Reserves.**

China's Central Bank bought an estimated 18 tons of gold in March, its fifth straight month of such purchases, although down from the 25 tons in bought in February. China has not been alone in actively raising its gold reserves in recent months, with the World Gold Council reporting 125 tons of net gold purchases undertaken by Central Banks during the first two months of 2023, the strongest start to a year since 2010. One of the reasons given for this rise in demand for gold are of course concerns over rising inflation, but it is probably also down to increasing geopolitical concerns in a world that appears to be becoming far more multipolar. Meanwhile, legislators in Texas are [reportedly](#) debating the merits of a bill which if passed, would see the creation of a state-issued, gold-backed digital currency.

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### **Now India Turns It Focus Towards Green Hydrogen.**

India's Ministry of New & Renewable Energy has launched a program to stimulate the production of green hydrogen. Of the total funds allocated towards this program US\$1.60 bio is reportedly aimed at the production of green hydrogen, while US\$800 mio will apparently be channeled into the manufacture of electrolyzers. India aims to achieve net-zero carbon emissions by 2070 and produce half of its installed electricity capacity from non-fossil fuel sources by 2030.

### **Hopes Rise For Potential Peace Deal In Yemen.**

One possible side-effect from last month's agreement by Iran and KSA to reestablish diplomatic relations, may be an end to the conflict in Yemen. This was highlighted by the arrival of a Saudi & Omani delegation in Sanaa over the weekend, for negotiations with the Houthis over a permanent ceasefire. Some of the key topics reportedly under discussion are; a full reopening of Houthi-controlled ports and Sanaa's main airport, the payment of wages for government employees and the lifting of a blockade on the city of Taiz. *"This is a moment to be seized and built on and a real opportunity to start an inclusive political process under UN auspices to sustainably end the conflict,"* the UN envoy for Yemen, Hans Grundberg, was quoted a saying by the 'Khaleej Times' newspaper.

### **US Navy Deploys Nuclear Submarine To The Middle East.**

A senior US Navy spokesperson announced over the weekend, that one of its guided missile 'Ohio Class' submarines has been deployed into the region and passed through the Suez Canal on Saturday. This might be a pointed warning to Tehran, as the deployment follows last month's drone attack on a coalition base in Syria which the US claims was undertaken by Iranian backed militants. It is also highly unusual for the US to reveal the movement of its submarine fleet. This vessel is *"capable of carrying up to 154 Tomahawk land-attack cruise missiles and is deployed to the US 5th Fleet to help ensure regional maritime security and stability,"* Commander Timothy Hawkins, was quoted as saying by 'AP News', adding that it *"offers us additional flexibility, firepower, survivability, readiness and capability."* The US 5th Fleet patrols the strategically important Strait of Hormuz, the extremely narrow mouth of the Gulf through which 20% of the world's oil transits.

### **Egypt's CPI Rate Rises Again.**

Egypt's urban inflation rate rose to 32.70% y/y last month from 31.90% in February and its highest level since July 2017, driven primarily by higher food and beverage prices, according to data released by the country's official statistics agency. However, on a monthly basis the rise in March came at a slower pace compared to February.

### **Oman Set To Be Fastest Growing GCC Economy – World Bank.**

In a recent [report](#) issued by the World Bank titled "Altered Destinies: 'The Long-Term Effects of Rising Prices and Food Insecurity in the Middle East and North Africa,' Oman is forecast to be the fastest growing economy within the GCC this year. The World Bank predicts Oman's economy to expand by 4.30% in 2023 compared to 3.20% for the GCC as a whole.

### **Kuwait's Govt Receives Report On Demographic Imbalance.**

According to an article in the 'Kuwait Times' newspaper, the Kuwaiti government has now received an advisory report from private academic bodies charged with studying the population question in the Gulf country. This report reportedly focused on recommendations to solve a longstanding demographic imbalance, including the potential implementation of a quota for each foreign nationality in Kuwait. You can access more on this subject [here](#).

### **Dubai International Airport Remains World's Busiest.**

According to the Airports Council International (ACI), Dubai's International Airport was the world's busiest hub for international passengers in 2022 for the ninth year in a row. Dubai was followed in the rankings by London, Amsterdam and Paris. DXB was also the world's fifth busiest airport in terms of total passenger numbers. 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	3.6725/28	3/5	4/7	5/10	12/17	14/19	16/21	40/70
USD/SAR	3.7513/18	13/18	19/29	25/35	38/48	51/61	65/75	160/220
USD/KWD	0.30650/680	-90/-60	-135/-105	-170/-140	-310/-260	-360/-310	-400/-350	-425/-250
USD/OMR	0.38497/502	2/7	5/15	11/26	42/67	85/125	120/170	250/400
USD/BHD	0.37692/702	20/25	40/50	60/70	100/130	140/170	170/220	325/525
USD/MAD	10.1600/1900	-300/-50	-450/-100	-600/-100	-900/-300	-1100/-400	-1400/-600	-3000/-800
USD/EGP NDF	30.8951	32.30/32.70	33.45/33.95	34.45/34.95	37.00/37.50	39.30/39.80	41.20/41.70	-
USD/JOD	0.7095/7100	30/130	75/225	150/300	200/600	300/800	400/900	700/1700
USD/NGN NDF	462.46	467.00/472.00	479.00/484.00	489.00/494.00	530.00/540.00	573.00/585.00	613.00/628.00	(NAFEX)
USD/GHS NDF	10.6000	10.90/11.40	10.95/11.45	11.05/11.85	11.40/12.20	11.75/12.75	12.20/13.20	-
USD/TND	3.0600/0900	100/400	250/675	450/950	800/1800	1600/3000	2000/4000	2500/5000
Crude Oil	Futures							
WTI	\$80.70							
Brent	\$85.00							

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

## AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+Par/10	+23/33	+33/43	+42/52	+48/58	+55/65	+63/73	+75/85
SAR SPREAD	+77/87	+79/89	+85/95	+94/104	+100/110	+103/113	+106/116	+115/125

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

## AND FINALLY...

Did you know that Yemen's Mokha city was once the centre of the world's coffee trade?

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