

Market Insights & Strategy

Global Markets

17th August 2023

MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

US Gasoline Prices Rise To Highest Levels YTD.

US gasoline prices have recently risen to their highest level recorded thus far this year, with the average national price for regular grade petrol now sitting around US\$3.87 a gallon compared to US\$3.56 in early July. However, in some states like California they are reportedly back above US\$5.00 again. So not good news for drivers or the Biden administration. Meanwhile US gasoline inventories fell for the 5th week in a row to 216.4 mio barrels, which means that they remain below the 5 year average. Then across the Atlantic, European natural gas futures jumped again after fresh negotiations over pay and conditions between Australian gas workers and their employers failed to make a breakthrough yesterday and thus the risk of major strike action remains. A full walkout and production stoppage could affect up to 10% of global LNG supplies.

S&P Halts ESG Scoring.

S&P Global Ratings recently [announced](#), that it has decided to stop using ESG scores when assessing credit quality. In a statement, the ratings agency said that it *"remains committed to providing the market with transparency on how and when environmental, social and governance (ESG) factors influence our assessment of creditworthiness. However, effective immediately, we are no longer publishing new ESG credit indicators in our reports or updating outstanding ESG credit indicators. In 2021, S&P Global Ratings began publishing alphanumeric ESG credit indicators for publicly rated entities in some sectors and asset classes. These indicators were intended to illustrate and summarize the relevance of ESG credit factors on our*

Glenn Wepener

Chief Strategist

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rating analysis through the use of an alphanumeric scale. They supplemented the narrative paragraphs in our credit rating reports where we describe the impact of ESG credit factors on creditworthiness. After further review, we have determined that the dedicated analytical narrative paragraphs in our credit rating reports are most effective at providing detail and transparency on ESG credit factors material to our rating analysis, and these will remain integral to our reports. This update does not affect our ESG principles criteria". In reaction, both Moody's and Fitch have said they will continue to utilize ESG scoring, while the chief credit officer at Moody's was quoted as saying by 'Barron's', that their ESG scoring "crisply identifies individual issuers with actual rating changes that can be classified as driven by a factor."

US Shale Production Growth Becoming 'Difficult' – EIR.

A report published this week by the Enverus Intelligence Research firm observed that, production decline profiles for the 'average' US shale oil well continue to steepen and thus break-even prices are rising. *"The US shale industry has been massively successful, roughly doubling the production out of the average oil well over the last decade, but that trend has slowed in recent years. In addition, we've observed that declines curves, meaning the rate at which production falls over time, are getting steeper as well density increases. Summed up, the industry's treadmill is speeding up and this will make production growth more difficult than it was in the past,"* the report's author [stated](#).

Crude Exports From Kurdistan Remain Suspended.

Crude exports from Iraq's semiautonomous Kurdistan region have been suspended since the 25th of March this year, and until now negotiations over a resumption in the flow of up to 450,000bpd of oil from Kurdistan to Turkey via the ITP pipeline have not borne fruit. However, one of the international oil companies working in Kurdistan remains hopeful that a deal to resolve this political and financially related deadlock could be approaching. *"While no official timeline has been announced, we continue to believe the suspension of Kurdistan crude exports will be temporary and that the KRG will resume oil sales payments in due course,"* the CEO of the UK based Gulf Keystone Petroleum Limited, was quoted as saying by the 'Kurdistan24' website last week. Gulf Keystone Petroleum is the operator of the Shaikan Field, one of the largest developments within the Kurdistan oil patch.

Gun Battles Erupt In Tripoli.

Armed clashes between two of Libya's main factions broke out earlier this week and has resulted in the deaths of up to 55 people, according to local media reports. The fighting, which came to a halt yesterday, was the worst seen in the city since the beginning of this year and occurred after several months of relative calm. It's not completely clear yet what triggered this event, but it also highlights the ongoing fragile security situation in one of Africa's largest oil producers.

Nigeria's FX Issues Are Due To Prior 'Gross-Mismanagement At CB'.

A spokesperson for the Nigerian President's office claimed earlier this week, that the country's FX liquidity issues was due to prior mismanagement at the Central Bank. *"We are ready to show you exactly what it is that our nation is facing with respect to the illiquidity in the market in terms of foreign exchange as a result of what is now known to have been a gross mismanagement of the Central Bank of Nigeria over the course of several years preceding this time,"* the spokesperson was [quoted](#) as saying by 'Reuters' yesterday. Meanwhile, according to local media outlets, the former governor of the CBN, Godwin Emefiele, is facing legal action for his alleged involvement in a NGN 6.90 bio procurement fraud. An arraignment in this regard is [reportedly](#) due to take place today at the High Court in Abuja.

Al Dhara & ADEX To Provide Wheat To Egypt.

A partnership, between the UAE based agricultural firm Al Dhara and the Abu Dhabi Exports Office has been formed in order to help Egypt receive a regular supply of milling wheat in a 5-year agreement worth US\$500 mio. *"This agreement solidifies our commitment in establishing long term supply deals with key producers across the world, so that the people of Egypt have access to essential food supplies and strengthening our food grain supply chain buffer to withstand any unexpected shocks in the global markets. The low-cost financing package from ADEX helps us procure high quality wheat at the lowest cost financing available, with comfortable payment terms. This is a successful milestone in our mission to ensure food security to the*

Egyptian people. All three parties have been working hard over the past few months to bring this to fruition.”
Egypt’s Minister for Supply and Internal Trade, was quoted as saying yesterday by the ‘Gulf Business’ news site.

Nigeria’s CPI Hits 18-Year High.

Nigeria’s CPI rate hit 24.10% y/y last month, the highest level it’s been since 2005 and driven by soaring food and transport prices. The recent sharp jump in inflation has been exacerbated by hard currency shortages, the lifting of fuel subsidies and a more than 40% drop in the value of the local currency against the US dollar since June. USD/NGN was last reported to be trading around the 940.00 level in the unofficial kerb market by the ‘abokiFX’ site yesterday, compared to the official rate of 781.30.

Bahrain Plans To Build 72-MW Solar Energy Park.

The Bahraini government has reportedly approved plans to develop a 72MW solar power park in the Kingdom’s southern governorate. This project will involve rooftop installations, ground-mounted units, car park solar panels, and electric vehicle charging stations and forms a part of Bahrain’s strategy to reach net zero carbon emissions by 2060.

Oman-Etihad Railway Announces Tender.

The Oman and Etihad Rail Company, has reportedly invited bidders to prequalify for a tender to build stations, freight facilities and a rolling stock maintenance depot, according to the ‘Rail Journal’ website. The company is currently developing a 303km railway line which will run between Sohar in Oman to Abu Dhabi in the UAE.

FX/RATES & CRUDE MARKETS:

Indication Levels Only – Please Contact us on Reuters Dealing Codes FABA/FABU for any live pricing and/or information.

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

Currency	Spot	1M	2M	3M	6M	9M	12M	2Y
USD/AED	3.6729/31	-8/-5	-13/-10	-18/-13	-26/-21	-27/-22	-23/-16	Par/+25
USD/SAR	3.7504/07	16/21	26/31	30/40	45/55	55/65	65/75	125/175
USD/KWD	0.30780/800	-72/-52	-130/-100	-170/-140	-320/-270	-420/-370	-500/-450	-525/-325
USD/OMR	0.38498/503	6/11	9/19	13/23	27/42	35/65	60/90	200/400
USD/BHD	0.37689/694	22/27	40/50	50/65	90/110	130/160	160/190	310/510
USD/MAD	9.8600/8900	50/250	50/350	50/450	-400/+500	-400/+500	-350/+450	-150/+2050
USD/EGP NDF	30.8942	31.30/31.70	32.15/32.55	33.10/33.60	35.80/36.30	38.60/39.10	40.80/41.30	-
USD/JOD	0.7078/7083	50/150	75/250	150/300	250/650	450/950	600/1200	850/1450
USD/NGN NDF	773.17	775.00/795.00	785.00/805.00	800.00/830.00	840.00/870.00	875.00/925.00	905.00/945.00	(NAFEX)
USD/GHS NDF	11.2500	10.95/11.25	11.05/11.35	11.15/11.65	11.30/11.80	11.35/11.95	11.55/12.15	-
USD/TND	3.0800/3.1100	-50/+100	-50/+150	-25/+225	Par/+600	+50/+850	100/1500	1500/3000
Crude Oil	Futures							
WTI	\$79.30							
Brent	\$83.30							

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SOFR SPREAD	-1/+9	+7/17	+14/24	+22/32	+30/40	+35/45	+40/50	+52/62
SAR SOFR SPREAD	+65/73	+68/74	+71/77	+73/80	+74/81	+74/83	+75/84	+84/94

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

AND FINALLY...

Did you know that carbon trading began formally in 1997 under the United Nations’ Kyoto Protocol on climate change?

Glenn Wepener
Chief Strategist

Market Insights & Strategy

FAB Global Markets

Email: Marketinsights&strategy@bankfab.com

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