

Market Insights & Strategy

Global Markets

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MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

OPEC+ Keeps Production Policy Unchanged – US Inventories Rise.

Members of the OPEC+ grouping kept their current output policy unchanged following yesterday's virtual gathering as expected. The next meeting is scheduled to take place on April 3rd, but as stated previously the group says it is ready to act at any time should market conditions demand it. Meanwhile crude prices ended last night's session somewhat softer, after the EIA confirmed a rise in both US crude and gasoline inventories last week, by 4.10 mio and 2.60 mio barrels respectively. It should be noted however, that US gasoline stocks are still sitting close to 8% below their 5-year average.

EU & G7 Yet To Agree On Price Cap For Russian Fuel Products.

The G7 and EU are still discussing what price caps should be applied to Russian fuel products when the latest sanction comes into effect on February 5th 2023. A proposal by the European Commission, suggests that two caps should be applied; one at US\$45 per barrel on those products that normally trade at a discount to crude, such as fuel oil. And then a second cap at US\$100 per barrel for premium products like gasoil and diesel. In this way the commission hopes that it will impact Russian revenues, but at the same time also minimize the risk of global supply disruptions. However, all 27 EU nations need to agree on these proposed cap levels and a meeting yesterday did not reach a consensus, so another round of talks is scheduled to take place tomorrow.

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Iran & Russia To Link Banking Systems.

According to the Deputy-Governor of Iran's Central Bank, Mohsen Karami, his country has moved closer to linking its financial system with Russia's following the signing of an bilateral MOU this past weekend. This will eventually allow Iranian and Russian banks to exchange standard financial messages. Iranian financial institutions were banned from SWIFT in 2018/19 following the withdrawal of the US from the JCPOA accord, while several key Russian banks were also blocked from using the SWIFT payments system last year. According to 'Al Monitor', Russia's VTB Bank and Iran's Shahr Bank will be involved in a test program of this new bilateral messaging system which could go live by June this year.

Official USD/LBP Exchange Rate Devalued.

Lebanon's Central Bank adjusted its long standing official USD/LBP rate from 1507.00 to 15,000.00 yesterday, a move the country's Finance Ministry had originally been planning to make towards the end of last year. However, although this is perhaps the first move in a plan to eventually unify the country's multiple exchange rates, the new level is still well below the rate offered on the 'Sayrafa' FX platform (which allows licensed exchange bureaus to sell a limited amount of US dollars to clients) and that was last reportedly trading around 47,000.00 , as well as the unofficial 'kerb' rate which is still changing hands around LBP 60,000.00 per US Dollar. In addition, without being combined with a raft of much needed economic reforms, the only real impact this change is likely to have is to further increase domestic inflation which reached 170% y/y in 2022.

Saudi Arabia's Non-Oil Sector Grew By 6.20% In Q4 2022.

Saudi Arabia's non-oil sector expanded by 6.20% y/y during the last quarter of 2022, while overall economic growth for the year came in at 8.70% according to the Kingdom's official statistics agency. This means Saudi Arabia was the fastest growing G20 economy last year, with the Managing Director of the IMF commenting on this fact recently saying, *"We look at the high growth rates of Saudi Arabia with gratitude also because we need that for the regional and the world economy."*

Egypt Will Release Details On IPO Program Soon – Prime Minister.

Egypt's Prime Minister, Mostafa Madbouly, confirmed this week, that the government will unveil details on its plan to sell stakes in up to 20 state-owned companies soon. He also suggested that some of these offerings will be done via listings on the country's stock exchange, while others will be concluded with strategic investors directly, according to 'Bloomberg'.

Turkey's BOTAS Signs Major Gas Deal With Oman.

Turkey's BOTAS Petroleum Pipeline Corporation has signed an agreement with Oman LNG which will see the Gulf state supply Turkey with up to 1 mio tons of LNG per annum for 10 years. *"Signing this term-sheet agreement with BOTAS supports our efforts to further develop our position in the global energy and LNG industry and explore new markets with key industry partners. This step complements our commitment to add value to the local economy through growth and collaborations with international partners such as BOTAS,"* Hamed al Naamany, the CEO of Oman LNG was quoted as saying by 'Zawya'.

Nigeria Battles Fuel Distribution Crisis.

Nigeria's Chief of Defence Staff warned earlier this week, that an ongoing petrol shortage across the country had become a *"security concern"* and a solution must be found. *"The challenge of availability of fuel across the country has risen to a proportion that it had become a concern for the defence and security of our country. The government is not handicapped and I need to indicate that there are alternatives and nobody is indispensable,"* General Irabor was quoted as saying by the 'Premium Times' news site. Meanwhile, the Group CEO of the Nigerian National Petroleum Company, Mele Kyari, described the fuel distribution crisis as *"monumental"* and claimed that part of the problem was due to logistic issues, overcharging by independent marketers and because some of the fuel was being smuggled into other countries. *"We are not dealing with a supply problem, as we speak we have 831 million litres in marine and in various depots we have 738 million litres that are documented in platforms of the industry regulators,"* he added. You can access more on this topic [here](#).

Algeria's Import Restrictions On Spanish Goods Affects Renault Operations.

Last June, the Algerian authorities suspended a two-decade old friendship treaty with Madrid, froze several bilateral banking services, imposed a ban on the import of certain goods from Spain and reduced the amount of gas it exports to the Iberian Peninsula, in retaliation to Spain's support of a Morocco-proposed autonomy plan for the Western Sahara. According to the 'North Africa Post' the import ban has now reportedly forced operations at Renault's assembly plant in Oran (which used to import gearboxes from Spain) to be suspended. You can access more details 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	3.6729/31	-1/+1	-1/+1	-1/+2	Par/+3	1/4	4/9	35/65
USD/SAR	3.7524/29	26/31	47/52	56/66	85/95	97/107	107/117	140/210
USD/KWD	0.30460/480	-50/-40	-90/-70	-110/-80	-175/-125	-185/-135	-180/-130	-105/+45
USD/OMR	0.38496/499	2/7	5/15	10/20	30/50	45/75	65/95	100/300
USD/BHD	0.37695/700	19/24	30/45	50/65	80/110	130/160	170/200	275/475
USD/MAD	10.1000/10.1300	-150/Par	-300/-100	-450/-200	-900/-400	-1500/-500	-1800/-800	-2000/Par
USD/EGP NDF	30.2107	30.80/31.10	31.25/31.75	31.50/32.00	32.45/32.95	33.45/33.95	34.50/35.00	-
USD/JOD	0.7097/7100	30/130	75/225	150/300	200/600	300/800	400/900	700/1700
USD/NGN NDF	461.40	475.00/480.00	501.00/507.00	516.00/521.00	561.00/571.00	599.00/611.00	630.00/645.00	(NAFEX)
USD/GHS NDF	12.0000	12.00/13.00	12.10/13.40	12.20/13.80	12.50/14.00	12.80/14.30	13.10/14.80	-
USD/TND	3.0400/3.0700	Par/+130	Par/+200	100/400	200/700	400/1100	500/1500	1000/4000
Crude Oil	Futures							
WTI	\$77.15							
Brent	\$83.45							

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

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	-4/+6	+8/18	+19/29	+28/39	+38/48	+47/57	+56/66	+69/79
SAR SPREAD	+57/67	+52/62	+62/72	+72/82	+83/93	+93/103	+102/112	+114/124

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

AND FINALLY...

Did you know that over 25% of the world's languages are spoken only in Africa?

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