

Market Insights & Strategy

Global Markets

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MIDDLE EAST & AFRICAN MONITOR

- **Crude Prices Rise As Russia Cuts Output.**
- **Climate Change Policies Need To Be More 'Balanced' – OPEC Chief.**
- **Israeli President Warns Against Plans To Reduce Judicial Powers.**
- **Iranian President Heads To China.**
- **Algeria Recalls Ambassador To France.**
- **Nigeria Prepares To Hold Presidential Election.**
- **KSA Stock Exchange Signs Agreements With Egypt, Qatar and Singapore.**
- **PEG Wins Railway Contract In Iraq.**
- **Hotel in Bahrain To Accept Crypto Payments.**

REGIONAL COMMENTARY

Crude Prices Rise As Russia Cuts Output.

At the end of last week, Russia announced that it was cutting its crude production by 500,000 bpd which is roughly 5% of its total output. This decision, which is due to come into effect from next month, was not really a huge surprise as Russia has been threatening for some time to reduce its production in retaliation against western sanctions. However, the G7/EU restrictions and price caps, especially the latest one on Russia's fuel product exports, were always going to have some physical impact on its oil output this year. Benchmark prices have of course risen on the back of this news, but the discount in the price of Urals crude to Brent widened further last week, with the Russian blend [reportedly](#) being offered at around US\$28 a barrel compared to the mid US\$80 levels for Brent. This past weekend the Russian government introduced a draft bill which if enacted, would not allow its oil to be sold outside of a certain set gap to Brent each month, although it remains to be seen if this action will dramatically reduce the current substantial window. Other supportive drivers for the market was Kazakhstan's announcement that it will institute a four-month ban on the export of fuel products such as diesel from the 18th of February. The government in Astana says that this decision was made to ensure there was no domestic shortages, and follows similar action taken back in May last year. Across the Atlantic a different picture is developing, with overall US oil production averaging 12.20 mio bpd last month compared to 11.70 mio bpd in 2022 while the total number of active oil and gas rigs rose to 761 last week, which is 126 more than the same period last year.

Climate Change Policies Need To Be More 'Balanced' – OPEC Chief.

OPEC's Secretary-General Haitham Al-Ghais warned yesterday, that the level of capital expenditure into conventional energy needs to increase significantly in the years ahead, in order to ensure a stable transition towards renewables. "It is imperative that all parties involved in the ongoing

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climate negotiations pause for a moment and look at the big picture,” Al Ghais was quoted as saying yesterday by the ‘Energy Voice’ news site, pointing out that the oil industry in particular has been “plagued by several years of chronic underinvestment,” and that all governments need to “work towards an energy transition that is orderly, inclusive and helps ensure energy security for all.” His words were [echoed](#) by Amin Nasser the CEO of Saudi Aramco, who said on Sunday that “Proponents of the popular energy transition narrative paint a picture of a Utopian world where alternatives are ready to replace oil and gas almost overnight. If ESG-driven policies are implemented with an automatic bias against any and all conventional energy projects, the resulting underinvestment will have serious implications. For the global economy, for energy affordability and for energy security.” This topic is something we ourselves have written and commented about extensively for several years now, although it does now appear that some shift in thinking is starting to take hold, especially after the chronic energy shortages experienced in Europe and elsewhere during 2022. A recent example of this change in approach was the announcements made by three major international energy firms namely, Total, Shell and BP who are now all re-adjusting their original ‘green’ strategies and looking to allocate more funds towards their more conventional activities, especially gas.

Israeli President Warns Against Plans To Reduce Judicial Powers.

The Israeli President Isaac Herzog, warned during his televised speech this past weekend, that a proposal by the Netanyahu administration to reduce the powers of the judiciary has put the country on the verge of “constitutional and social collapse,” adding that “the absence of dialogue is tearing us apart from within, and I’m telling you loud and clear, this powder keg is about to explode, this is an emergency.” The President’s comments come as thousands of Israelis continue to conduct street protests against the government’s planned judicial reforms which have also been heavily criticized by former officials, business leaders and economists. You can access more on this subject [here](#).

Iranian President Heads To China.

Iran’s President Ebrahim Raisi is due to make a three-day visit to Beijing this week, where he will meet with various senior officials (including his Chinese counterpart Xi Jinping) and sign a range of “cooperation documents” aimed at strengthening bilateral relations, according to IRNA the Middle East country’s state media outlet. China is Iran’s largest and most important trading partner, although Bloomberg recently [quoted](#) a senior Iranian trade official stating that Russia had now overtaken China as the largest foreign investor in Iran.

Algeria Recalls Ambassador To France.

The government in Algiers has recalled its ambassador to France over what it alleges was French diplomatic assistance, in the recent escape from Algeria via Tunis by the Franco-Algerian journalist and human rights activist Dr Amira Bouraoui. “Algeria denounces the secret and illegal eviction of an Algerian national whose presence on the national soil is considered necessary by a decision of the Algerian judiciary,” a statement issued by the Algerian President’s office read, according to ‘The National’ newspaper. In reaction, a spokesperson for France’s Foreign Ministry [said](#) that Bouraoui had “benefited from consular protection like all French nationals” and that Paris would continue in its efforts to strengthen ties with Algeria despite this latest dispute.

Nigeria Prepares To Hold Presidential Election.

Nigeria is scheduled to hold its next Presidential election on the 25th of February this year although the current incumbent, Muhammadu Buhari, will not be eligible to stand as he will have completed the maximum two terms in office permitted by the constitution. There are 18 candidates on the ballot roll, but in reality only four contenders are believed to have chance of winning the electoral race. These are, Bola Ahmed Tinubu for the All Progressives Congress Party, the former Vice-President Atiku Abubaka for the Peoples Democratic Party, Dr Rabiul Kwankwaso of the New Nigeria Peoples Party and the ex-banker Peter Obi who will be standing for the Labour Party. Meanwhile, the country’s Department of Defence has released a statement [dismissing](#) a recent rumor that the military was planning to disrupt the upcoming election, and saying that Nigeria’s armed forces remained loyal to the constitution and “will never be part of any evil plot against our democracy.”

KSA Stock Exchange Signs Agreements With Egypt, Qatar and Singapore.

Saudi Arabia’s Tadawul announced this past weekend, that it had signed memorandums of understanding with the Egyptian, Qatari and Singaporean stock exchanges which will enable simultaneous listings and

enhance cooperation in the areas of ESG, governance and technology. "We seek to cooperate with regional and international financial markets in areas including dual and simultaneous listings, environmental and social practices, corporate governance, financial technology, and diversity and inclusion in order to achieve our goal of establishing the Kingdom's position as a leading investment destination linking East and West," the CEO of the Saudi Tadawul Group, Khalid Al-Hussan was [quoted](#) as saying by the Sada Elbalad media outlet.

PEG Wins Railway Contract In Iraq.

The Italian engineering services company PEG, has reportedly been selected by Iraq's Ministry of Transport to conduct a feasibility study on a planned government project to build a high-speed train network running between Iraq's important oil facilities in Basra and the Turkish border. Meanwhile, the Iraqi Prime Minister Mohammed Shia al-Sudani paid an official visit to the UAE last week, during which he met with President Sheikh Mohamed bin Zayed and discussed ways to enhance bilateral cooperation in the areas of trade, investment, development and diplomacy. You can access an official statement on the outcome of the Prime Minister's visit [here](#).

Hotel in Bahrain To Accept Crypto Payments.

According to the Trade Arabia news site, the Novotel Bahrain Al Dana hotel is set to become the first such resort in the region to accept payments in crypto currencies. This follows the signing of an agreement with the payments service provider Eazy Financial Services whose Point-of-Sale terminals are able to process all the usual card payments as well as those using Crypto assets via the 'Binance App', which is regulated by the Central Bank of Bahrain. You can access more on this topic [here](#).

FX/RATES & CRUDE MARKETS:

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Currency	Spot	1M	2M	3M	6M	9M	12M	2Y
USD/AED	3.6729/31	-1/+1	Par/+3	Par/+3	Par/+3	1/4	2/5	20/50
USD/SAR	3.7523/26	21/26	38/43	48/53	79/84	90/100	100/110	150/200
USD/KWD	0.30597/617	-45/-35	-85/-65	-110/-80	-170/-140	-180/-130	-160/-110	-150/Par
USD/OMR	0.38497/500	2/7	5/15	7/17	20/40	30/60	50/80	125/325
USD/BHD	0.37693/696	21/26	40/50	55/65	95/125	140/170	190/220	275/475
USD/MAD	10.2400/2700	-150/Par	-300/-100	-450/-200	-900/-400	-1500/-500	-1800/-800	-2000/Par
USD/EGP NDF	30.2848	31.15/31.35	31.65/31.85	32.20/32.40	33.30/33.60	34.35/34.65	35.35/35.65	-
USD/JOD	0.7097/7100	30/130	75/225	150/300	200/600	300/800	400/900	700/1700
USD/NGN NDF	461.42	471.50/476.50	490.50/495.50	503.00/508.00	553.50/563.50	595.00/607.00	624.00/636.00	(NAFEX)
USD/GHS NDF	11.8500	12.00/13.00	12.20/13.40	12.50/14.00	12.70/14.20	12.90/14.40	13.20/14.70	-
USD/TND	3.0800/3.1200	Par/+130	Par/+200	100/400	200/700	400/1100	500/1500	1000/4000
Crude Oil	Futures							
WTI	\$78.90							
Brent	\$85.60							

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

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SOFR SPREAD	-5/+5	+10/20	+20/30	+30/40	+39/49	+48/58	+56/66	+68/78
SAR SOFR SPREAD	+55/65	+54/64	+64/74	+73/83	+82/92	+90/100	+97/107	+108/118

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

AND FINALLY...

Did you know that Saudi Arabia plans to send its first female astronaut into space later this year?

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