

Market Insights & Strategy

Global Markets

20th February 2023

MIDDLE EAST & AFRICAN MONITOR

- **Crude Prices Retain Softer Tone.**
- **Israel Accuses Iran Of Being Responsible For Tanker Attack.**
- **India Purchased Record Level Of Russian Oil In January.**
- **Lebanon's Banks Remain Closed As Financial Crisis Deepens.**
- **Protestors in Sudan Block Key Access Road To Egypt Again.**
- **Ghana Softens Approach Towards Bilateral Lenders.**
- **European Trade Union Official Expelled From Tunisia.**
- **EDGE Seals EUR1 Bio Naval Contract With Angola.**
- **HOT Engineering Wins Maintenance Contract In Kuwait.**

REGIONAL COMMENTARY

Crude Prices Retain Softer Tone.

Benchmark crude prices have retained last week's softer tone this morning, due to a stronger dollar, a confirmed build in US oil inventories, the resumption of oil exports out of Azerbaijan (which had been suspended due to the recent earthquake in Turkey) and the recent decision by the US to release some more barrels from its SPR. However, it's worth remembering that global fuel product stocks remain tight. For example US jet fuel inventories continue to hover near a 40-year low, and at the same time, energy analysts are starting to get more optimistic on a stronger rebound in oil demand from China as we enter into the second quarter of this year. Meanwhile, a senior vice-president at Chevron was quoted as saying this past weekend, that European demand for US crude oil is likely to remain high this year. "A key change in flow is US crude going to Europe. For this year, I'm pretty confident Europe is short of Russian oil, and we'll see more US crude there," Colin Parfitt was quoted as saying by 'Reuters'. US crude oil shipments to Europe jumped by 70% last year compared to 2021, according to a report issued by the CME Group.

Israel Accuses Iran Of Being Responsible For Tanker Attack.

The Netanyahu administration has accused Iran of being behind a failed attack on an Israeli-linked Aframax tanker, which was sailing around 300 nautical miles of the coast of Oman at the time of the incident earlier this month. According to the BBC, Western security officials believe that this attack involved an Iranian Shahed 136 drone. Meanwhile, a 'Bloomberg' [article](#) has claimed that IAEA inspectors detected accumulated uranium deposits enriched to 84% purity during a visit to the country last week, the second time in less than a month that the IAEA has reportedly uncovered suspicious enrichment-related activity in Iran, although the nuclear watchdog still needs to determine whether Tehran had intentionally produced the material, or whether the concentration was an unintended accumulation within the network of pipes connecting centrifuges. The IAEA is currently preparing its quarterly 'Iran Safeguards Report' before its board meets on the 6th of March.

Glenn Wepener

Executive Director & Geopolitical Analyst,
Middle East & Africa

Please click [here](#) to view our recent
publications on MENA and Global Markets

*Your attention is drawn to the Important Notice
on the final page of this communication*

India Purchased Record Level Of Russian Oil In January.

India's crude oil imports from Russia hit a record 1.40 mio bpd last month and is a more than 9% increase on December, according to the 'Live Mint' news site. The US however remains sanguine over these specific purchases by India, arguing that it supports the overall aim of the G7 sanctions on Moscow's energy exports. *"Our experts assess that India right now is enjoying the discount of about US\$ 15 a barrel in the price that it is paying for its imports of Russian crude. So by acting in its own interest, by driving a hard bargain to get the lowest price possible, India is furthering the policy of our G7 coalition, our G7 plus partners in seeking to reduce Russian revenues. I think that is how we look at this. We have a very good dialogue with the government of India on these issues. But I think what is very important for everybody to understand is that this is not a temporary state of affairs. There is going to be no return to business as usual with Russia as long as Vladimir Putin continues to choose this course of aggression,"* the US Assistant Secretary of State for Energy Resources, Geoffrey Pyatt, was quoted as saying by the 'Hindu' newspaper.

Lebanon's Banks Remain Closed As Financial Crisis Deepens.

Commercial banks in Lebanon remain closed to the public as the country's Association of Banks (ABL) said last week that an open-ended strike by bank employees would continue *"until further notice"*. The strike began almost 10 days ago after a local court ruled in favour of a couple demanding to withdraw all their deposits in cash. The ABL publically criticised this ruling, arguing it was impossible for banks to pay out to all depositors in full and adding that *"the crisis is not a crisis of one bank or even of all banks, but rather a crisis that affects the entire financial and banking system."* The ABL has also been urging the Lebanese parliament to pass a capital control law, formalizing cash withdrawal restrictions. Meanwhile, a number of protestors [reportedly](#) attacked several bank branches in Beirut and set their facades on fire late last week, as they demanded access to their savings.

Protestors in Sudan Block Key Access Road To Egypt Again.

Protestors in Sudan have reportedly again blocked a key access road into Egypt since yesterday, over a recent decision by local Sudanese officials to sharply increase the tariff of portable water on households in the area from SDP 200.00 to SDP 1000.00 per month. This is the second such protest affecting the Sheryan al-Shimal route to take place this year and both demonstrations have disrupted the normally active and vital land-based transport crossing between the two African countries. The previous protest began in early January over an apparent increase in domestic power bills. Egypt exports foodstuffs, industrial products, chemicals and machinery to Sudan, while importing livestock, cotton and various other agricultural products from its neighbour. You can access more details on this topic [here](#).

Ghana Softens Approach Towards Bilateral Lenders.

Ghana's Finance Minister suggested to MPs last week, that private international creditors may have to accept less favourable debt restructuring terms than bilateral lenders to the country. *"We hope our commercial creditors will understand our desire to negotiate over bilateral creditors softer terms than we anticipate to propose to them, as a speedy process with the bilateral creditors is needed to pave the way for the discussion with private creditors,"* the minister was quoted as saying by 'Bloomberg' last Thursday. Ghana is seeking to restructure US\$30 bio worth of Eurobonds, local bonds and bilateral loans. Meanwhile, FITCH recently downgraded its 'Long-Term Local Currency Issuer Default Rating' on Ghana from 'C' to 'Restricted Default'. Explaining its decision, the ratings agency said in a [statement](#) that, *"The downgrade of Ghana's local-currency denominated debt follows the completion of a domestic debt exchange offer by the Republic of Ghana. This transaction is an element of the recovery program for which the government is seeking the support of the IMF. On Dec. 12, 2022, Ghana and the IMF reached a Staff-Level Agreement on a three-year arrangement under the Extended Credit Facility of about USD3 billion. In Fitch's view, this debt exchange constitutes a distressed debt exchange under the agency's criteria, given this material reduction in terms vis-à-vis the original contractual terms, and given that the exchange is needed to avoid a traditional payment default. According to Fitch's sovereign rating criteria, a 'RD' rating is consequently assigned to the Long-Term Local Currency Issuer Default Rating. Among the 67 eligible bonds that could be tendered, six are rated by Fitch. A 'D' rating has been assigned to these six bonds."*

European Trade Union Official Expelled From Tunisia.

The Tunisian authorities reportedly ordered the Irish general secretary of the European Trade Union Confederation, to leave Tunisia yesterday due to her alleged *"interference"* in the North African country's

domestic affairs. "By orders of the President, Tunisian authorities ordered Esther Lynch to leave the country within 24 hours, following statements made during the UGTT-led demonstration that interfered with Tunisian internal affairs," a statement issued by the Tunisian President's office read. Late last week, President Kais Saied [reportedly](#) accused certain countries of harming Tunisia's sovereignty, claiming that "Tunisia's sovereignty is above all considerations and the state operates in full respect of the law and the facts will come as a resounding earthquake soon. Let them take a look at their history and reality first before examining Tunisia's history and current situation." His comments follow those recently made by a US State Department spokesperson, who was quoted by 'The National' newspaper saying that Washington was "deeply concerned" over the reported arrests of political figures, businessmen and journalists in Tunisia.

EDGE Seals EUR1 Bio Naval Contract With Angola.

The Abu Dhabi based EDGE Group has signed a EUR 1 bio contract which will see its shipbuilding arm (ADSB) build a fleet of corvettes for the Angolan Navy. "At ADSB, we feel a tremendous sense of pride in signing a EUR 1 billion export deal. The BR71 MKII corvette is a highly advanced vessel capable of performing multiple missions to secure Angola's 1600 km coastline. We look forward to fulfilling the Angolan Navy's operational requirements and strengthening their naval capabilities while expanding ADSB's avenues of growth," EDGE Group's CEO, David Massey, was [quoted](#) as saying by the 'Market Screener' website.

HOT Engineering Wins Maintenance Contract In Kuwait.

The HOT Engineering & Construction firm has been awarded a US\$101 mio maintenance contract at the state-run Kuwait Oil Company's (KOC) facilities in the south of the country, according to the 'Oil & Gas' news site.

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	-1/+1	Par/+3	Par/+3	Par/+3	2/5	4/9	30/60
USD/SAR	3.7500/05	37/47	60/70	75/85	100/130	125/155	135/165	180/280
USD/KWD	0.30635/645	-40/-25	-72/-57	-105/-75	-160/-130	-165/-135	-160/-120	-150/Par
USD/OMR	0.38496/501	5/10	12/22	18/28	40/55	60/90	80/110	150/300
USD/BHD	0.37690/695	25/30	49/59	65/75	115/135	160/190	200/230	275/475
USD/MAD	10.2900/3200	-200/-50	-400/-150	-600/-200	-1100/-650	-1500/-500	-1800/-800	-2300/-300
USD/EGP NDF	30.5750	31.20/31.40	31.85/32.05	32.35/32.55	33.95/34.25	35.25/35.55	36.30/36.60	-
USD/JOD	0.7097/7100	30/130	75/225	150/300	200/600	300/800	400/900	700/1700
USD/NGN NDF	461.25	167.50/472.50	481.50/486.50	497.50/502.50	549.00/559.00	592.50/604.50	624.00/636.00	(NAFEX)
USD/GHS NDF	12.3750	12.40/13.40	12.60/13.80	12.80/14.30	13.15/14.65	13.45/14.95	13.75/15.25	-
USD/TND	3.1300/3.1600	Par/+130	25/+225	100/400	200/700	400/1100	500/1500	1000/4000
Crude Oil	Futures							
WTI	\$76.85							
Brent	\$83.65							

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SOFR SPREAD	+3/13	+16/26	+25/35	+34/44	+43/53	+52/62	+61/71	+73/83
SAR SOFR SPREAD	+52/62	+55/65	+61/71	+69/79	+76/86	+82/92	+89/99	+104/114

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

AND FINALLY...

Did you know that Sudan is home to over 200 pyramids built by the ancient Nubian civilization from as early as 2500 BC?

Glenn Wepener

Executive Director

Market Insights & Strategy

FAB Global Markets

Email: Marketinsights&strategy@bankfab.com

Please click [here](#) to view our recent publications on MENA and Global Markets

Important Notice: This communication has been prepared by individual personnel of First Abu Dhabi Bank PJSC or its affiliates (collectively, "FAB") and, accordingly, it may not represent the views of FAB. FAB is licensed and regulated by the Central Bank of the United Arab Emirates and its registered office address is P.O. Box 6316, 1 – Al Qurm, Abu Dhabi, the United Arab Emirates. This communication is directed at persons (i) who have been or can be classified by FAB as eligible counterparties, professional clients or sophisticated investors, (ii) who have experience in matters relating to investments and (iii) other persons to whom it may otherwise lawfully be communicated. No other person should review the contents or access the products or transactions discussed in this communication. All material contained herein, including any proposed terms and conditions, is indicative and for discussion purposes only, is subject to change without notice, is strictly confidential, may not be reproduced and is intended for your consideration only. It does not include a number of terms and conditions that will be included in any actual transaction and final terms and conditions are subject to further discussion and negotiation nor does it purport to identify all applicable risks. This communication is not a commitment to deal in any product, offer financing or enter into any transaction described herein. FAB is not acting as your agent, fiduciary or investment adviser and is not managing your account. The provision of information in this communication is not based on your individual circumstances and must not be relied upon as an assessment of suitability for you of a particular product or transaction. It does not constitute investment advice and FAB makes no recommendation as to the suitability of any of the products or transactions mentioned. Even if FAB possesses information as to your objectives in relation to any transaction, series of transactions or trading strategy, this is not sufficient for, and does not constitute, any assessment of suitability for you of any transaction, series of transactions or trading strategy. Save in those jurisdictions where it is not permissible to make such a statement, FAB hereby informs you that this communication should not be considered as a solicitation or offer to sell or purchase any securities, deal in any product or enter into any transaction. You should make any trading or investment decisions in reliance on your own analysis and judgment and/or that of your independent advisors and not in reliance on FAB and any decision whether or not to adopt any strategy or engage in any transaction will not be FAB's responsibility. FAB does not provide investment, accounting, tax, financial, legal, regulatory or other advice; such matters as well as the suitability of a potential transaction or product or investment should be discussed with your independent advisors. Prior to dealing in any product or entering into any transaction, you and the senior management in your organization should determine, without reliance on FAB, (i) the economic risks or merits, as well as the investment, accounting, tax, financial, legal and regulatory characteristics and consequences of dealing with any product or entering into the transaction (ii) that you are able to assume these risks, (iii) that such product or transaction is appropriate for a person with your experience, investment goals, financial resources or any other relevant circumstance or consideration. Where you are acting as an adviser or agent, you should evaluate this communication in light of the circumstances applicable to your principal and the scope of your authority. Any prices used herein, unless otherwise specified, are indicative. Although all information has been obtained from, and is based upon sources believed to be reliable, it may be incomplete or condensed, it has not been verified by FAB and its accuracy cannot be guaranteed. FAB makes no representation or warranty, expressed or implied, as to the accuracy of the information, the reasonableness of any assumptions used in calculating any illustrative performance information or the accuracy (mathematical or otherwise) or validity of such information. Any opinions attributed to FAB constitute FAB's judgment as of the date of the relevant material and are subject to change without notice. Provision of information may cease at any time without reason or notice being given. Commissions and other costs relating to any dealing in any products or entering into any transactions referred to in this communication may not have been taken into consideration. Any scenario analysis or information generated from a model is for illustrative purposes only. Where the communication contains "forward-looking" information, such information may include, but is not limited to, projections, forecasts or estimates of cashflows, yields or return, scenario analyses and proposed or expected portfolio composition. Any forward-looking information is based upon certain assumptions about future events or conditions and is intended only to illustrate hypothetical results under those assumptions (not all of which are specified herein or can be ascertained at this time). It does not represent actual termination or unwind prices that may be available to you or the actual performance of any products and neither does it present all possible outcomes or describe all factors that may affect the value of any applicable investment or product. Actual events or conditions are unlikely to be consistent with, and may differ significantly from, those assumed. FAB shall not be under an obligation to update any information contained in this communication. Illustrative performance results may be based on mathematical models that calculate those results by using inputs that are based on assumptions about a variety of future conditions and events and not all relevant events or conditions may have been considered in developing such assumptions. Accordingly, actual results may vary and the variations may be substantial. The products or transactions identified in any of the illustrative calculations presented herein may therefore not perform as described and actual performance may differ, and may differ substantially, from those illustrated in this communication. When evaluating any forward looking information you should understand the assumptions used and, together with your independent advisors, consider whether they are appropriate for your purposes. You should also note that the models used in any analysis may be proprietary, making the results difficult or impossible for any third party to reproduce. This communication is not intended to predict any future events. Past performance is not indicative of future performance. FAB accepts no responsibility and makes no representation to you or to any third parties

for, and has not independently verified, the quality, accuracy, timeliness, continued availability or completeness of any data or calculations contained and/or referred to in this communication and FAB shall not be liable for any special, direct, indirect, incidental or consequential loss or damage which may be sustained because of the use of the information contained and/or referred to in this communication or otherwise arising in connection with the information contained and/or referred to in this communication, provided that this exclusion of liability shall not exclude or limit any liability under any law or regulation applicable to FAB that may not be excluded or restricted. The transactions and any products described herein may be subject to fluctuations of their mark-to-market price or value and such fluctuations may, depending on the type of product or security and the financial environment, be substantial. Where a product or transaction provides for payments linked to or derived from prices or yields of, without limitation, one or more securities, other instruments, indices, rates, assets or foreign currencies, such provisions may result in negative fluctuations in the value of and amounts payable with respect to such product prior to or at redemption. You should consider the implications of such fluctuations with your independent advisers. The products or transactions referred to in this communication may be subject to the risk of loss of some or all of your investment, for instance (and the examples set out below are not exhaustive), as a result of fluctuations in price or value of the product or transaction or a lack of liquidity in the market or the risk that your counterparty or any guarantor fails to perform its obligations or, if this the product or transaction is linked to the credit of one or more entities, any change to the creditworthiness of the credit of any of those entities. FAB (whether through the individual sales and/trading personnel involved in the preparation or issuance of this communication or otherwise) may from time to time have long or short principal positions and/or actively trade, for its own account and those of its customers, by making markets to its clients, in products identical to or economically related to the products or transactions referred to in this communication. FAB may also undertake hedging transactions related to the initiation or termination of a product or transaction, that may adversely affect the market price, rate, index or other market factor(s) underlying the product or transaction and consequently its value. FAB may have an investment banking or other commercial relationship with and access to information from the issuer(s) of securities, products, or other interests underlying a product or transaction. FAB may also have potential conflicts of interest due to the present or future relationships between FAB and any asset underlying the product or transaction, any collateral manager, any reference obligations or any reference entity. Any decision to purchase any product or enter into any transaction referred to in this communication should be based upon the information contained in any associated offering document if one is available (including any risk factors or investment considerations mentioned therein) and/or the terms of any agreement. Any securities which are the subject of this communication have not been and will not be registered under the United States Securities Act of 1933 as amended (the Securities Act) or any United States securities law, and may not be offered or sold within the United States or to, or for the account or benefit of, any US person, except pursuant to an exemption from, or in a product or transaction, not subject to, the registration requirements of the Securities Act. This communication is not intended for distribution to, or to be used by, any person or entity in any jurisdiction or country which distribution or use would be contrary to law or regulation. FAB may process your personal data to provide you with information or promotional and advertising communications on products, services, other events and campaigns.

If you wish not to receive email from the Market Insights team at FAB, please click [here](#) to send us your request to unsubscribe, and you shall no longer receive such information. You can also let us know by contacting your usual FAB representative should you wish to no longer receive any such further information. You may be entitled according to the applicable laws to exercise your rights to access, to rectification, to erasure and to portability of your personal data, to restrict the use of and to object to the processing of your personal data. You may exercise any such aforesaid rights by sending your request to FAB at the following address: privacy@bankfab.com.