

Market Insights & Strategy

Global Markets

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MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

Record EU Imports Of Fuel Supplies From Middle East & Asia.

European Union's ongoing switch away from Russia for its fuel supplies should see the continent import an average of 1.55 mio bpd of diesel and gasoil from both Asia and the Middle East this month, according to the latest data published by the energy research firm Vortexa. *"The absence of Russian barrels has likely opened up an opportunity for East of Suez suppliers. Some 60% of diesel imports from the Middle East and Asia for Feb. 1-18 came into the Amsterdam-Rotterdam-Antwerp region,"* a Vortexa analyst was quoted as saying by 'Bloomberg'. Meanwhile, the Oxford Institute for Energy Studies just released its latest short-term [outlook](#) on the oil market which includes a few points worth highlighting. Firstly they see Chinese oil imports rising by 670,000 bpd this year with most of that increased natural demand appearing during the second half of 2023, although with a caveat that uncertainty over the country's economic recovery persists. Secondly, the report suggests that Russian crude and refined products exports could fall by up to 850,000 bpd, with Russia struggling to redirect around 50% of the total EU banned volumes of sales and as a consequence Russian refinery runs are projected to decline in the weeks and months ahead. And finally, in terms of price forecasts the report looks for Brent to average US\$ 95.70 in 2023. (This is just above our current expectations of US\$93.00).

Oil Sanctions On Russia Are 'Having An Effect' - Yellen.

The US Treasury Secretary Janet Yellen, has claimed that the G7/EU price caps and other sanctions on Russia's oil exports were having an impact on its overall revenues. *"We've continued to see emerging markets negotiate deep discounts on Russian oil which keeps oil in*

the global market but sharply reduces the Kremlin's take. The way I see it, our sanctions have had a significant negative effect on Russia so far. While by some measures, the Russian economy has held up, Russia is now running a significant budget deficit," Yellen was quoted as saying late last week. Meanwhile, the US has unveiled a fresh package of sanctions on Russia, following a similar move by the EU last week. *"In one of its most significant sanctions actions to date, Treasury is announcing a new determination targeting the metals and mining sector of the Russian Federation economy under Executive Order 14024 and is also imposing sanctions on 22 individuals and 83 entities,"* a US Treasury statement read and you can access more details [here](#).

Ecuador Declares 'Force Majeure' On Its Oil Production.

Last week's heavy flooding and landslides have [reportedly](#) forced Ecuador's state-run oil company to shut down two of its major pipelines for up to 21 days. *"By virtue of the force majeure, occasioned by the collapse of a bridge on the Marker River due to heavy seasonal rains, force majeure is declared for operators of exploration and exploitation of hydrocarbons which have been affected by hydrocarbon transport through the SOTE, OCP and Shushufindi Quito polyduct systems and the impossibility they have of receiving and transporting crude oil,"* Ecuador's Ministry said in a statement last week. Ecuador's oil output averaged 489,560 bpd last month.

Despite CB Efforts Iran's Rial Remains Under Pressure.

Recent efforts unveiled by Iran's Central Bank to try and support the local currency have not reversed its slide yet, with the Rial reportedly hitting another record low of 601,500 per US Dollar in the unofficial 'kerb' market yesterday. This fall in value is being driven by a continued deterioration of the domestic economy, (including soaring inflation) which has been significantly worsened by the impact of sanctions and the failure of last year's talks to revive the JCPOA accord.

Nigerians Await Election Results.

Nigeria conducted their latest national election this past weekend and turnout appears to have been be high, especially among young people who make up about a third of the 87 million eligible voters. Some disruptions were reported at a number of polling stations, but overall the vote appears to have gone relatively smoothly. The final result should be due out by Wednesday, and although there are three main frontrunners for the position of President, all eyes will be on Peter Obi the key challenger to the long standing two-party political status quo. Obi is recognized as a frugal businessman and stands for, the until now little known Labour party which has garnered quite a social media following in recent weeks. To win, a Presidential candidate needs to have the most votes and 25% of ballots cast in two-thirds of Nigeria's 36 states to be declared the winner. Otherwise, there has to be a run-off within 21 days. Meanwhile, FATF announced late last week that it has put Nigeria and South Africa on its AML 'grey list' and called on both countries to do more to improve their ability to fight financial crime.

Saudi Arabia To Provide Ukraine With US\$400 Mio In Aid.

Saudi Arabia's Foreign Ministry has announced the signing of an MOU with Ukraine, which will see the Kingdom provide the east European country with up to US\$400 mio in aid. This agreement follows a recent visit to Kyiv by an official Saudi delegation led by the Foreign Minister Prince Faisal bin Farhan. According to the 'Al Arabiya' media outlet the deal involves a US\$100 mio joint cooperation program on humanitarian aid and US\$300 mio to help finance Ukraine's oil derivatives.

Oman Opens Its Airspace To Israeli Airlines.

El Al Airline became the first Israeli carrier to use a new air corridor over Saudi Arabia and Oman yesterday, after Muscat joined Riyadh in allowing Israeli civilian overflights. *"Oman's announcement promotes President Biden's vision of a more integrated, stable, and prosperous Middle East region, which is vital for the security and prosperity of the American people and our regional partners. For the first time in history, passengers flying to and from Israel will now be able to travel on direct routes between Israel, Asia, and points in between,"* a spokesperson for the US National Security Council was [quoted](#) as saying about this news.

Regional Countries Sign US\$2 Bio In Industrial Agreements.

Companies from the UAE, Egypt, Jordan and Bahrain have signed twelve industrial agreements worth more than US\$2 bio following the latest committee meeting of the 'Industrial Partnership for Sustainable Economic Development' which was held in Jordan. According to a [report](#) published by 'Zawya' these agreements are spread across nine industrial projects and are expected to create approximately 13,000 job opportunities.

Petrojet Wins EPC Contract In Saudi Arabia.

Egypt's Petrojet has been awarded a engineering, procurement and construction contract to expand Saudi Aramco Base Oil Company's Yanbu facility, according to 'Zawya'.

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	Par/+2	Par/+3	Par/+3	5/8	7/12	9/14	15/55
USD/SAR	3.7519/22	27/32	50/60	65/75	90/110	100/130	110/140	150/250
USD/KWD	0.30735/745	-48/-38	-90/-70	-120/-90	-170/-150	-180/-150	-190/-140	-190/-40
USD/OMR	0.38498/501	Par/+5	7/17	10/25	30/60	55/85	80/110	120/290
USD/BHD	0.37698/703	20/30	40/50	60/70	105/125	150/170	190/220	275/475
USD/MAD	10.3700/10.4000	-200/-50	-400/-150	-600/-200	-1100/-650	-1500/-500	-1800/-800	-2300/-300
USD/EGP NDF	30.6333	31.40/31.60	31.90/32.20	32.45/32.75	34.00/34.30	35.40/35.70	36.45/36.75	-
USD/JOD	0.7097/7100	30/130	75/225	150/300	200/600	300/800	400/900	700/1700
USD/NGN NDF	461.32	470.00/475.00	484.00/489.00	502.00/507.00	554.00/564.00	597.00/612.00	630.00/645.00	(NAFEX)
USD/GHS NDF	12.5000	12.60/13.40	12.80/13.60	13.00/14.00	13.50/14.70	13.75/14.95	14.05/15.25	-
USD/TND	3.1400/1800	Par/+130	25/+225	100/400	200/700	400/1100	500/1500	1000/4000
Crude Oil	Futures							
WTI	\$75.90							
Brent	\$83.00							

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

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	-14/-4	+10/20	+21/31	+32/42	+41/51	+51/61	+60/70	+73/83
SAR SPREAD	+59/69	+57/67	+63/73	+71/81	+81/91	+87/97	+92/102	+108/118

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

AND FINALLY...

Did you know that the UAE's Sultan Al Neyadi will be the first Arab astronaut to embark on a long-duration space mission when he sets off for the International Space Station later today? His mission is scheduled to last for six months.

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