

Market Insights & Strategy

Global Markets

3rd July 2023

MIDDLE EAST & AFRICAN MONITOR

- **Crude Market Fundamentals Remain 'Sound' – Saudi Aramco CEO.**
- **US Says No Imminent Nuclear Deal With Iran.**
- **Demand For Raw Materials Is Set To Soar – Ivanhoe Chairman.**
- **IMF Agrees To Fresh Support Package For Pakistan.**
- **Oman Records 4.70% GDP Growth In Q1 2023.**
- **UAE & KSA Allocate US\$6 Bio For Boosting Trade With Iraq.**
- **World Bank Ponders Fresh Funding For Electricity Project In Nigeria.**
- **Iraqi Oil Pipeline Project Suspended.**
- **Qatar Signs Another Major LNG Supply Deal With China.**
- **Kuwait's Q8 To Build Hydrogen Station In Italy.**

REGIONAL COMMENTARY

Crude Market Fundamentals Remain 'Sound' – Saudi Aramco CEO.

Crude oil prices ended last Friday on a firmer note, with some support coming from the latest EIA data which showed that US crude inventories fell by 9.60 mio barrels during the week ending June 23rd, the largest such draw in more than a month. The US summer driving season is now well underway with gasoline demand rising to its highest level since 2021, while Saudi Arabia will reduce its oil output by 1 mio bpd for the month of July. Meanwhile, despite ongoing weak economic data from China, demand for oil by this Asian giant's refiners appears to remain strong. This was underlined by Chinese crude imports hitting a new record high of 16.28 mio bpd in April and shipping firms reporting a firm pickup in seaborne oil trade. The CEO of Saudi Aramco, Amin Nasser, has also expressed optimism on the outlook for crude demand in the second half of this year, [stating](#) early last week that market fundamentals remained "sound" and that demand from emerging markets led by China and India will offset the recession risk in developed markets.

US Says No Imminent Nuclear Deal With Iran.

The US Secretary of State, Anthony Blinken, said last week that a new nuclear deal with Iran was not currently on the table, despite recent media suggestions that an interim agreement was close. "There is no agreement in the offing, even as we continue to be willing to explore diplomatic paths," Blinken was quoted as saying to the Council on

Glenn Wepener

Chief Strategist

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

Foreign Relations by the 'VOA' news network, adding that Washington had warned Tehran *"not take actions that further escalate the tensions"* with the US or in the region. Meanwhile, Blinken also said that he had spoken with his Israeli counterpart on ways to de-escalate the recent upsurge of violence in the West Bank. *"We've told our friends and allies in Israel that if there's a fire burning in their backyard, it's going to be a lot tougher if not impossible to actually both deepen the existing agreements, as well as to expand them to include potentially Saudi Arabia,"* Blinken stated in reference to the Abraham Accords. On a separate note, the UK's 'Guardian newspaper' [claimed yesterday](#) that the UK, Germany and France (who remained signatories to the JCPOA nuclear accord with Iran despite the US withdrawal) are now preparing to announce that they will no longer stick to a sunset clause which would have seen a prohibition on Iran manufacturing nuclear capable missiles and buying or selling long distance drones lifted in October this year. The newspaper quoted unnamed European officials stating that one of the reasons this move was being taken was because of Tehran's purported export of kamikaze drones to Russia.

Demand For Raw Materials Is Set To Soar – Ivanhoe Chairman.

Demand for critical raw materials, especially copper, is set to jump in the coming years as countries push forward with their respective clean energy transition plans, according to the chairman of Ivanhoe Mines, Robert Friedland. However, he also warned that due to falling funding and the fact that mineral deposits are getting harder to find, supply will not be able to keep up with this demand. *"We're heading for a train wreck here. My fear is that when push finally comes to shove copper can go up 10 times,"* Friedland was quoted as saying by the 'Mining Weekly' website, adding that *"investors have yet to grasp the significance of a global rush for the building blocks of clean energy."*

IMF Agrees To Fresh Support Package For Pakistan.

Pakistan's main stock index opened up more than 5% this morning, following the news late Friday that the IMF had agreed to provide the country with a US\$3 bio short-term support package. *"The IMF team has reached a staff-level agreement with the Pakistani authorities on a nine-month Stand-by Arrangement (SBA) in the amount of SDR2,250 million (about US\$3 bio or 111% of Pakistan's IMF quota). The new SBA builds on the authorities' efforts under Pakistan's 2019 EFF-supported program which expires end-June. This agreement is subject to approval by the IMF's Executive Board, which is expected to consider this request by mid-July,"* an official IMF [statement](#) read, adding that this new facility *"will support the authorities' immediate efforts to stabilize the economy from recent external shocks, preserve macroeconomic stability and provide a framework for financing from multilateral and bilateral partners. The new SBA will also create space for social and development spending through improved domestic revenue mobilization and careful spending execution to help address the needs of the Pakistani people."*

Oman Records 4.70% GDP Growth In Q1 2023.

According to Oman's National Centre of Statistics and Information, the Sultanate's GDP grew by 4.70% y/y during the first quarter of 2023. This expansion was driven primarily by non-oil activities, which recorded a 4.60% y/y rise to reach OMR 6.07 bio. You can access more details on this topic [here](#).

UAE & KSA Allocate US\$6 Bio For Boosting Trade With Iraq.

The UAE and Saudi Arabia have reportedly set aside US\$6 bio in order to boost their respective trade and investment activities in Iraq, following an agreement with Iraq's Chambers of Commerce, according to the 'Iraqi News Agency' yesterday. Meanwhile, Iraq's Oil Ministry announced over the weekend that the country exported more than 100 mio barrels of crude in June, generating US\$ 7.11 bio in revenues.

World Bank Ponders Fresh Funding For Electricity Project In Nigeria.

The World Bank has said that it is currently considering an additional injection of US\$750 mio in funding for the 'Nigeria Electrification Project' after its initial US\$350 mio grant ends in August this year. According to the 'Vanguard' news site, this project is aimed at solving the country's longstanding energy access deficit by providing electricity to households, MSMEs, educational and healthcare facilities in rural communities through the deployment of mini-grids, solar home systems and captive power plants.

Iraqi Oil Pipeline Project Suspended.

Iraq's cabinet has reportedly suspended funding approval for a US\$400 mio subsea pipeline project near Basra, which had the potential to increase the country's oil export capacity by 500,000 bpd. According to an article published on the 'Iraq Oil Report' website, this decision was made due to the appearance of fresh data which apparently requires further investigation.

Qatar Signs Another Major LNG Supply Deal With China.

QatarEnergy and the China National Petroleum Corporation, recently signed a 27-year supply deal under which China will buy 4 mio metric tonnes of LNG on an annual basis. CNPC will [reportedly](#) also take an equity stake in the eastern expansion of Qatar's North Field LNG project, according to the 'Al Jazeera' news network. This agreement follows a similar deal reached between QatarEnergy and Sinopec late last year.

Kuwait's Q8 To Build Hydrogen Station In Italy.

Q8 (also known as Kuwait Petroleum International) is reportedly set to establish a circular hydrogen refueling station in Rome in collaboration with the Maire Group. Once operational, this station will be able to supply 700kg of hydrogen per day for both light and heavy vehicles. *"Q8 Italy seeks to transform from a conventional fuel provider into a diversified energy company within the framework of its energy transformation strategy,"* the Executive Director of the firm Fadhel Al-Faraj, was quoted as saying by the 'Arab 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	3.6730/31	-4/-1	-5/Par	-5/Par	-5/Par	-3/+4	2/9	30/50
USD/SAR	3.7510/13	8/18	18/28	25/35	47/57	60/70	70.85	190/240
USD/KWD	0.30735/755	-65/-45	-120/-100	-180/-150	-325/-275	-445/-395	-540/-480	-600/-400
USD/OMR	0.38497/500	Par/+10	2/12	4/14	15/35	35/65	70/120	200/400
USD/BHD	0.37699/702	18/24	34/44	50/65	90/110	135/165	175/205	325/525
USD/MAD	9.9200/9500	-400/-100	-650/-350	-850/-250	-1400/-600	-2000/-500	-2200/-500	-3000/-800
USD/EGP NDF	30.8969	31.55/31.85	32.30/32.60	33.35/33.85	36.10/36.60	38.60/39.10	40.70/41.20	-
USD/JOD	0.7094/7097	30/130	75/225	150/300	200/600	300/800	400/900	700/1700
USD/NGN NDF	756.24	752.50/792.50	765.00/805.00	775.00/825.00	805.00/855.00	835.00/885.00	860.00/910.00	(NAFEX)
USD/GHS NDF	11.3500	11.50/12.00	11.80/12.30	12.00/13.00	12.20/13.20	12.50/13.50	12.80/13.80	-
USD/TND	3.0600/3.0900	25/200	50/450	100/500	400/900	600/1400	800/1800	2000/4000
Crude Oil	Futures							
WTI	\$70.40							
Brent	\$75.25							

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SOFR SPREAD	+8/18	+22/32	+32/42	+42/52	+50/60	+57/67	+62/72	+76/86
SAR SOFR SPREAD	+68/78	+75/85	+81/91	+85/96	+89/99	+94/104	+101/111	+111/121

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

AND FINALLY...

Did you know that Iraq is part of an area known as the Fertile Crescent? This crescent is an area of fertile land which incorporates parts of present-day Egypt, Jordan, Lebanon, Palestine, Israel, Syria, Turkey, Iran, Iraq and Cyprus. It is also known as the 'Cradle of Civilization'.

Glenn Wepener
Chief Strategist

Market Insights & Strategy

FAB Global Markets

Email: Marketinsights&strategy@bankfab.com

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

Disclaimer: 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.