

Market Insights & Strategy

Global Markets

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MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

US Looking To Refill SPR Inventories.

The US Department of Energy is reportedly looking to start refilling its Strategic Petroleum Reserve this year, a senior official suggested last week. *"We would like to start buying within the next year, depending on the window of opportunity. Looking at the market situation, not only do we want to get the best value for taxpayers, we also don't want to impact the markets,"* Christopher Roark, a senior crude oil marketing analyst at the US Department of Energy, was quoted as saying by the 'Argus Media' outlet, adding that although the US government is *"not the fastest at things"* the department could *"react quickly to the market"* through a competitive solicitation process to buy oil.

Russia's Oil Revenues Fell Sharply In February.

Russia's tax revenues from oil and related petroleum products dropped to US\$4.78 bio last month which is 48% lower than the same period last year, according to data published by Russia's Finance Ministry and [Bloomberg](#). The two primary reasons behind this fall are much weaker Urals crude prices and tighter sanctions. The average price of Urals blend in January-February 2023 was US\$49.52 per barrel compared to US\$88.89 during the same period in 2022. Meanwhile, the US Justice Department has hired an additional 25 prosecutors for its unit responsible for probing violations of sanctions and export controls against Russia. This move forms part of Washington's broader effort *"to ensure that companies and other third-parties aren't helping Russia evade US sanctions,"* the Assistant Attorney-General Matt Olsen, was quoted as saying by the 'Wall Street Journal'.

Iran Promises To Cooperate With IAEA.

Following the IAEA's recent report that its inspectors had found uranium particles enriched to 84% purity in January this year, Tehran apparently agreed this past weekend to increase its cooperation with the UN's nuclear watchdog. The head of the IAEA, Rafael Grossi announced during a press

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conference on Saturday, that Iran had promised to allow the agency to reinstall its cameras and other monitoring equipment at the country's various nuclear sites and as such he expected workers to begin doing so within the coming days. However, an official joint-statement issued later by both sides, does not appear to confirm that such deal has been finalized yet, with the 'Wall Street Journal' pointing out that Iran had only stated that it would "on a voluntary basis" permit the IAEA to improve its monitoring of Iran's activities and the two sides would meet later to discuss the details. The announcement came just days before the IAEA's next board meeting and has led to claims that Tehran may be attempting to avoid further censure, but whether it leads to better transparency on its nuclear program remains to be seen.

Iraq To Allow Direct Use Of CNY.

Iraq's Central Bank announced last week, that it will allow private sector trade to be settled directly in Chinese Yuan for the very first time. This decision appears to have been taken in order to compensate for US dollar shortages domestically and due to the reported restrictions the US FED has put on financial transfers involving US dollar transfers to Iraqi banks. However, it's important to note that this move does not include Iraq's oil-related trade which will remain in US dollars for now.

Egypt's PMI Edges Up Slightly – KSA's Hits Record High.

The latest S&P PMI reading for Egypt came in at 46.9 for February which still indicates contraction in non-oil sector activity, but was better than the 45.5 recorded in January this year. "The latest PMI data for Egypt continued to signal a troubled market in February, but with some relief after a rocky start to the year," a senior S&P Economist was quoted as saying by the 'Arab News' site. Conversely, business activity in both Saudi Arabia and the UAE picked up further last month with the Kingdom's PMI rising to an 8-year high of 59.8 in February from 58.2 in January, while the UAE's rose to 54.3 compared to 54.1 the previous month.

Turkey & UAE Sign Comprehensive Trade Agreement.

The UAE and Turkey signed a Comprehensive Economic Partnership Agreement last Friday, as bilateral relations between the two continue to improve. "The two countries share keen desire to work together to launch a new path of joint growth and mutual opportunities. Under the Comprehensive Economic Partnership Agreement, signed today, customs duties on more than 93% of the value of non-oil intra-trade will be canceled or reduced, enhancing chances for bilateral trade between the two countries to reach US\$40 bio over the next five years, up from about US\$19 bio currently," The UAE's Economy Minister was quoted as saying by the 'WAM' media outlet.

Dubai Amends Customs Duty Threshold.

Dubai Customs has announced that it has raised the maximum duty-free threshold on the value of international goods brought into the Emirate. "Kindly be informed that Paragraph (a) of Article (2) of Customs Notice 5/2022 related to exemption of consignments with value not exceeding AED 300/- has been suspended, and that it is has been decided to re-establish the previous threshold for exemption of parcels/shipments of AED 1,000/- effective 01-March-2023 until further notice," An email from Dubai Customs read, according to the 'Khaleej Times' newspaper. Thus from this month the 5% customs duty will now only apply to items valued above AED 1000.

AD Ports Enters JV With SEG Enera.

AD Ports has entered the Uzbekistan market, following the formation of a joint-venture between the Abu Dhabi based port operator and SEG Enera Group. This new JV will be called ADL-Ulanish and will provide end-to-end global logistics services across Uzbekistan, according to a report published on 'Zawya'.

NGE Wins Railway Contract In Egypt.

A subsidiary of the France based construction firm NGE has been awarded a contract on Egypt's high-speed rail project. Under this contract NGE will be responsible for the construction of the 330km railway line. "We are proud to make a significant contribution to this project, which will provide nearly 90% of the Egyptian population with access to fast and reliable public transport. It will also make a significant contribution to sustainability by shifting freight traffic to rail and stimulating Egypt's economic development. Building and renovating infrastructure to serve territories around the world is our primary mission, our raison d'être, and this project fits perfectly with achieving this ambition," the COO of NGE International was quoted as saying by the 'Railway Technology' news site.

FX/RATES & CRUDE MARKETS:

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

Currency	Spot	1M	2M	3M	6M	9M	12M	2Y
USD/AED	3.6728/30	Par/+2	Par/+3	Par/+3	4/7	6/9	8/13	15/45
USD/SAR	3.7529/34	18/23	32/42	43/53	67/77	75/90	80/100	100/200
USD/KWD	0.30680/690	-57/-47	-95/-80	-130/-110	-200/-170	-210/-180	-215/-175	-225/-75
USD/OMR	0.38496/499	3/8	5/15	16/26	30/45	50/75	70/100	125/285
USD/BHD	0.37697/702	20/30	30/45	50/60	95/115	135/165	180/210	280/480
USD/MAD	10.3700/10.3900	-150/Par	-200/Par	-300/Par	-750/-50	-1000/-200	-1500/-500	-3000/-500
USD/EGP NDF	30.7207	32.30/32.60	32.90/33.20	33.45/33.75	34.80/35.20	36.30/36.80	37.40/37.90	-
USD/JOD	0.7097/7100	30/130	75/225	150/300	200/600	300/800	400/900	700/1700
USD/NGN NDF	461.33	466.00/471.00	480.00/485.00	499.00/504.00	558.00/568.00	607.00/620.00	645.00/660.00	(NAFEX)
USD/GHS NDF	12.2500	12.40/13.20	12.50/13.30	12.70/13.70	13.10/14.40	13.40/14.60	13.70/15.00	-
USD/TND	3.1300/3.1500	25/175	100/400	200/600	300/1300	500/1500	750/1750	1000/4000
Crude Oil	Futures							
WTI	\$78.95							
Brent	\$85.05							

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SOFR SPREAD	-11/-1	+7/17	+21/31	+31/41	+40/50	+48/58	+56/66	+74/84
SAR SOFR SPREAD	+57/67	+56/66	+65/75	+74/84	+82/92	+89/99	+95/105	+111/121

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

AND FINALLY...

Did you know that Uranium was first discovered in silver mines in the 1500s in what is now the Czech Republic? It generally appeared where the vein of silver ran out, earning it the German nickname "pechblende", meaning "bad luck rock."

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