

# Market Insights & Strategy

Global Markets

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## MIDDLE EAST & AFRICAN MONITOR

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### REGIONAL COMMENTARY

#### **Crude Prices Rise Overnight.**

Crude oil prices rose by almost 2% last night, following the Federal Reserve's latest 25bp interest rate hike. Although the market later gave up some of these gains on the back of continued concerns over the health of the global economy, WTI was still above US\$70.00 and Brent was sitting around US\$76.00 a barrel at this morning's open. Also providing some support to prices was confirmation by the EIA last night, that although US commercial oil stocks rose by 1.10 mio barrels last week, there was a 6.40 mio barrel draw in gasoline inventories and a 3.30 mio barrel decline in middle distillate stocks.

#### **Russia Extends Oil Production Cut.**

Russia's Deputy Prime Minister, Alexander Novak, announced yesterday that his country will extend to the end of June, its unilateral production cut of 500,000 bpd which was initiated earlier this month. The global oil market was facing *"unprecedented negative pressure from artificial hand-made factors that create greater volatility and uncertainty,"* Novak was quoted as saying by the 'Energy Intelligence' news site. This reduction is unlikely to have much of an impact on Russia's overall oil exports, but could offset already reduced flows to its domestic refineries. Meanwhile, OPEC+ is due to hold the next meeting of its joint-ministerial committee, on April 3<sup>rd</sup> although 'Zawya' quoted an unnamed OPEC+ official suggesting yesterday, that no changes are expected to be made by the grouping in terms of its current output policy for now, and that the recent sell-off in crude prices was due to 'speculative activity' rather than fundamentals.

#### **GCC Banks Remain Resilient – Moody's.**

Moody's Investor Service, suggested in a recent research note that they do not expect any undue impact on rated GCC banks linked to the recent collapse of three regional banks in the US. *"The events*

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*have shaken investor confidence and will likely lead to tightening liquidity across global debt markets. Still, the impact will likely be limited for most rated banks in Gulf countries as they are strongly interlinked with their respective sovereigns. For the most part, the footprint of governments in the region can be found right across banks' balance sheets as borrowers, depositors and as main shareholders, creating a supportive and interlinked operating environment," the note read.*

### **US, UK And EU Implement Fresh Sanctions On Iran.**

The US Treasury Department unveiled more Iran-related sanctions this week targeting four companies and three individuals, whom they accuse of supporting Iran's military drone program. *"Iran's well-documented proliferation of UAVs and conventional weapons to its proxies continues to undermine both regional security and global stability. The United States will continue to expose foreign procurement networks in any jurisdiction that supports Iran's military industrial complex,"* a senior US Treasury spokesman said in an official press [release](#). This move follows the recent implementation of a sixth package of EU sanctions on Tehran, and a separate initiative by the UK which targeted seven senior officials managing the IRGC's financial affairs. Meanwhile, Iran's Supreme Leader, Ayatollah Ali Khamenei, reportedly said in a [speech](#) given on Tuesday, that although his country's relationship with the West may have "weakened, we are not upset with Europe and are ready to work with any European countries or governments that do not blindly follow US policies." He also claimed that Iran had "strengthened our ties with Asia 100%, and we will continue this."

### **World Bank Approves 5-Year Support Program For Egypt.**

The World Bank yesterday announced its approval of a new five-year country partnership framework program with Egypt which will provide the North African country with US\$7 bio in funding aimed at supporting 'sustainable and inclusive' economic growth. In a [statement](#) the World Bank said that this program *"will be implemented jointly by the World Bank, the International Finance Corporation, and the Multilateral Investment Guarantee Agency, building on the three institutions' current portfolios and adopting a flexible approach to lending. The CPF will be supported through a financial envelope of US\$7 bio in lending (US\$1 bio per year from IBRD and about US\$2 bio during the entire CPF period from IFC), in addition to guarantees from MIGA."*

### **Weaker EV Sales Numbers Sends Lithium Prices Lower.**

Lithium prices have fallen sharply over the past few months, reflecting weaker demand. The spot price for lithium carbonate in China was trading around CNY 290,000 yesterday which is a 30% drop compared to February and more than 41% lower than this time last year. According to an [article](#) published by 'Caixin Global' this decline has been driven primarily by a slump in demand for electric vehicles. China is the world's largest market for EVs, but there has also been a slowdown in the sales of such vehicles in other countries too, such as Norway and Germany. Despite this, many analysts believe demand will return and that the current situation is just a short-term aberration linked in part to the decoupling of global supply chains.

### **Morocco's Central Bank Hikes Rates.**

Morocco's Central Bank raised its key interest rate by 50bp to 3.00% at its latest MPC meeting as expected. The decision was made in an ongoing effort to combat rising inflation in the country, highlighted by last month's CPI coming in at 10.10% y/y. The CB also said in a statement that *"significant increases in worker remittances and travel receipts"* should help limit the current-account deficit to 3.9% of GDP, adding that the fiscal deficit *"should continue its downward trend,"* due to an expected improvement in tax and non-tax revenues.

### **Dubai Future District Fund Looks To Expand Its AUM.**

According to a [report](#) in 'The National' newspaper, the Dubai Future District Fund (which supports tech start-ups) has set itself a US\$1 bio target for assets under management by the end of next year, which would be a fourfold increase since the fund was established back in 2021. Meanwhile, Sheikh Hamdan bin Mohammed was quoted as saying that, *"Dubai has become an international gateway for ambitious investment opportunities, a hub for future-driven project funding and a global testbed for tomorrow's technology and*

digital economy applications. The Emirate provides the ideal environment for technology ventures to develop the highest standards of agility and transparency and create opportunities for individuals, organizations and societies.”

#### Abu Dhabi Scraps Tax On Event Organizers.

Abu Dhabi's Ministry of Culture and Tourism has reportedly scrapped its tax on event organizers across the capital. “For further support to the investment environment in the Emirate of Abu Dhabi, it has been decided to exempt event organizers from the tourism fee of 10% on tickets sold,” the ministry said in a [circular](#) according to the ‘Hotelier Middle East’ website.

#### 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	3.6724/27	2/4	3/6	4/7	7/12	10/15	13/18	25/55
USD/SAR	3.7560/65	9/14	18/23	27/37	42/52	60/75	80/95	130/230
USD/KWD	0.30585/605	-55/-40	-90/-70	-125/-95	-210/-180	-260/-210	-300/-250	-325/-200
USD/OMR	0.38497/502	11/16	22/32	33/48	65/95	110/160	160/210	250/400
USD/BHD	0.37710/730	18/23	36/46	55/65	100/130	145/175	190/240	350/550
USD/MAD	10.1900/10.2200	-150/-25	-250/-25	-350/-50	-550/-150	-750/-250	-1000/-300	-3000/-500
USD/EGP NDF	30.9012	33.45/33.85	34.05/34.45	34.70/35.10	36.65/37.05	38.60/39.10	40.00/40.50	-
USD/JOD	0.7097/7100	30/130	75/225	150/300	200/600	300/800	400/900	700/1700
USD/NGN NDF	461.15	466.00/471.00	477.00/482.00	492.00/497.00	544.00/554.00	590.00/605.00	630.00/650.00	(NAFEX)
USD/GHS NDF	12.3000	12.30/12.80	12.35/12.85	12.45/13.25	12.80/13.60	13.15/14.15	13.60/14.60	-
USD/TND	3.0600/3.0900	100/400	250/675	450/950	700/1700	1500/2500	2000/3000	2300/4800
<b>Crude Oil</b>	<b>Futures</b>							
WTI	\$70.45							
Brent	\$76.30							

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

#### AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+2/12	+23/33	+32/42	+40/50	+47/57	+55/65	+64/74	+76/86
SAR SPREAD	+76/86	+76/86	+85/95	+94/104	+101/111	+106/116	+109/119	+112/122

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

#### AND FINALLY...

Did you know that ‘Green Hydrogen’ is created by splitting water into hydrogen and oxygen using renewable electricity?

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