

Market Insights & Strategy

Global Markets

2nd May 2023

MIDDLE EAST & AFRICAN MONITOR

- **Economic Worries Weigh On Oil Prices.**
- **US Crude Exports Hit New Record High.**
- **Total Energies Signs US\$1 Bio Gas Deal With ADNOC.**
- **Iran's Industry Minister Sacked As Prices Rise.**
- **Egypt Increases Price Of Subsidized Commodities.**
- **Saudi Arabia's FX Reserves Dipped In March.**
- **AI To Play Key Role In UAE Economy.**
- **The Islamic Finance Sector Will Continue To Expand – S&P.**
- **Chinese Firm To Build Major Steel Complex In KSA.**
- **Abu Dhabi Looks To Attract More Tourists In 2023.**

REGIONAL COMMENTARY

Economic Worries Weigh On Oil Prices.

Weaker than expected manufacturing data out of China, US banking sector fears and expectations for another rate hike by the FED have forced oil prices to retain their softer tone at the start of this week, despite the fact that OPEC+ grouping is due to reduce its overall output by 1.60 mio bpd this month. *"We continue to be at the mercy of sentiment surrounding a Chinese recovery or the lack thereof, while the backdrop in the US of ongoing monetary tightening leaves us in the 'bad is good' realm when it comes to economic data or newsflow,"* a senior analyst at the Energy research firm 'Kpler' was quoted as saying by 'Reuters' yesterday.

US Crude Exports Hit New Record High.

US oil exports hit a record 4.50 mio bpd in March, helped by increased demand from refineries in China and the fact that US crude is somewhat cheaper than the other main benchmark Brent. Quite a marked change from 1983 when the first WTI contracts were launched and US oil exports were virtually zero. Meanwhile, overall US crude production was estimated at 12.20 mio bpd in March this year.

Total Energies Signs US\$1 Bio Gas Deal With ADNOC.

The French energy giant Total Energies, has reportedly signed a three-year US\$1 bio deal to purchase LNG from ADNOC Gas, a subsidiary of the Abu Dhabi National Oil Company. *"Our new LNG supply agreement with Total Energies represents another significant milestone in our strategy to expand our global reach and strengthens our position as the LNG export partner of choice for leading global energy businesses. This agreement reflects our commitment to meeting the needs of our customers by offering supply security, price competitiveness, and flexibility. We look forward to continuing our long-term strategic partnership with Total Energies, building on our shared commitment to sustainability and the energy transition,"* the CEO of ADNOC Gas said in a statement released by the firm yesterday.

Glenn Wepener

Chief Strategist

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

Iran's Industry Minister Sacked As Prices Rise.

Iran's Industry Minister, Reza Fatemi-Amin, was removed from office this past weekend following a vote of no-confidence on his job performance by parliamentary MPs. His departure comes as the government of President Raisi faces mounting domestic pressure over the state of Iran's economy especially rising prices. Meanwhile, thousands of petrochemical workers are also reportedly facing the sack following their recent strike action over pay and conditions, [according](#) to the 'AFP' media outlet. *"In eight petrochemical projects of this region, a number of seasonal workers went on strike due to livelihood problems, and after the end of the legal deadline, 4,000 of them will be replaced by new workers,"* the CEO of Iran's 'Pars Special Economic Energy Zone' was quoted as saying.

Egypt Increases Price Of Subsidized Commodities.

According to a [report](#) published by 'Zawya', Egypt's Supply Ministry raised the price of 29 subsidized commodities sold to ration card holders yesterday. This includes a 20% rise in the price of both cooking oil and sugar, although bread prices will reportedly remain unchanged. Late last week, the Supply Minister, Ali El-Mosilhy, announced that *"the hike of subsidized commodities prices distributed through ration cards now force us to review the prices or otherwise the government will not be able to fund or provide these commodities"*. An estimated 60 mio Egyptians currently benefit from the country's ration card system.

Saudi Arabia's FX Reserves Dipped In March.

Saudi Arabia's net foreign assets slipped in March to SAR 1.572 trillion from SAR 1.625 trillion the previous month, according to the latest official data published by SAMA.

AI To Play Key Role In UAE Economy.

The UAE's Minister of Industry and Advanced Technology, Sultan Ahmed Al-Jaber, has said that artificial intelligence will play an important role in helping to diversify the country's economy and meet its clean energy targets. *"AI adoption across industries will help meet the nation's goals in advancing technology and diversifying its economy,"* the minister was quoted as saying by the 'WAM' news agency during his recent visit to the Mohamed bin Zayed University of Artificial Intelligence, adding that *"we stand on the brink of a technological revolution, and MBZUAI is providing a world-leading pipeline of AI specialists and an ecosystem nurturing industrial collaboration to support the UAE's innovation trajectory. AI will contribute to the UAE's net-zero strategic initiative by 2050 and help unlock advances in climate progress."*

The Islamic Finance Sector Will Continue To Expand – S&P.

According to S&P Global Ratings agency, the Islamic Finance sector is expected to expand by 10% during 2023-24 (following a similar rise last year) due primarily to favourable dynamics in a number of its core markets. However, S&P added that structural weaknesses continue to limit this particular sector's broader geographical and market appeal.

Chinese Firm To Build Major Steel Complex In KSA.

China's Baosteel has signed an agreement with Saudi Aramco and PIF, to build a steel plate manufacturing complex in Ras Al Khair Industrial City, according to 'The National' newspaper. Once operational the complex is expected to have a production capacity of up to 1.5 million tons per annum.

Abu Dhabi Looks To Attract More Tourists In 2023.

Abu Dhabi's department of Culture and Tourism is aiming to attract more than 24 mio visitors this year after 18 mio people visited the Emirate during 2022. *"Our ambitious goal to welcome more 24 million visitors by end of 2023 builds on healthy growth over the past year. This encouraging performance was enabled through powerful collaborations and delivery of memorable travel and business experiences across the whole year, supported by an integrated ecosystem of best-in-class services, infrastructure, and impactful marketing. In Abu Dhabi we are demonstrating the power of partnerships across the tourism sector and the fact that collectively we can thrive,"* the DCT's undersecretary was quoted as saying by the 'WAM' news agency yesterday.

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 above are offshore levels only)

Currency	Spot	1M	2M	3M	6M	9M	12M	2Y
USD/AED	3.6721/24	5/7	8/11	11/14	18/23	24/29	28/33	40/70
USD/SAR	3.7499/7502	14/17	21/26	28/33	42/52	52/62	62/72	160/220
USD/KWD	0.30650/670	-60/-40	-110/-80	-160/-110	-300/-250	-380/-330	-460/-410	-475/-275
USD/OMR	0.38496/501	6/11	13/23	20/35	45/65	90/120	135/185	250/400
USD/BHD	0.37701/706	18/23	35/45	55/70	100/130	140/170	170/220	325/525
USD/MAD	10.0500/0900	-300/-50	-450/-100	-600/-100	-900/-300	-1100/-400	-1400/-600	-3000/-800
USD/EGP NDF	30.8973	34.45/34.95	35.60/36.10	36.45/36.95	39.60/40.10	41.70/42.20	43.60/44.10	-
USD/JOD	0.7095/7100	30/130	75/225	150/300	200/600	300/800	400/900	700/1700
USD/NGN NDF	462.70	475.70/480.70	515.70/520.70	541.00/546.00	591.70/601.70	625.00/640.00	660.00/675.00	(NAFEX)
USD/GHS NDF	11.8000	11.70/12.20	11.75/12.25	11.80/12.60	12.05/12.85	12.50/13.50	12.85/13.85	-
USD/TND	3.0400/0800	100/400	250/675	450/950	800/1800	1600/3000	2000/4000	2500/5000
Crude Oil	Futures							
WTI	\$75.55							
Brent	\$79.20							

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+10/20	+24/34	+33/43	+41/51	+48/58	+54/64	+59/69	+74/84
SAR SPREAD	+69/79	+74/84	+78/88	+83/93	+87/97	+90/100	+91/101	+109/119

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

AND FINALLY...

Did you know that Mesopotamia (which once covered contemporary southern Iraq and western Iran) was one of the world's birthplaces of writing?

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.