

Market Insights & Strategy

Global Markets

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MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

Oil Prices Recover Some Ground.

Crude prices began the week almost 2% up on Friday's close, and the key benchmarks have opened this morning around the same levels as yesterday after fears of a US recession eased slightly. Oil traders will however want to see clearer signs of demand growth in the days and weeks ahead before actively rebuilding bullish positions. Therefore economic data, such as the release of US CPI tomorrow will be closely analyzed, as will OPEC's monthly report which will be released on Wednesday, and of course the outcome of the next OPEC+ meeting which is scheduled to take place on June 4th. Saying that, today's latest trade numbers out of China suggest that its domestic economic recovery remains sluggish.

Wildfires In Alberta Reduce Oil & Gas Output.

Widespread wildfires in Canada's primary oil province of Alberta, have led to the evacuation of more than 30,000 people from the affected areas and forced energy firms to temporarily suspend production leading to an estimated loss of 185,000 bpd of oil output. Canada is home to the world's 4th largest oil reserves while Alberta alone pumped out an average of 3.70 mio bpd last year.

Global CBs Continue To Load Up On Gold.

Global Central Banks continued to increase their gold holdings during the first quarter of this year, with Singapore's MAS reported to be the largest single buyer adding 69 tons to its reserves, according to the [World Gold Council](#). Global CBs' net gold reserves rose by 228 tons in Q1 2023 which was 34% higher than the previous first-quarter record

set in 2013. *"Top of the tree for gold in terms of why official sector institutions hold it is always things like its role as a diversification asset, its long term store of value, but increasingly over the last two years, we've seen how the importance that they placed on its performance during times of crisis,"* a senior analyst at the WGC was quoted as saying last week by 'CNBC'.

EU Considers Sanctioning Countries That Help Russia Sidestep Penalties.

The European Commission has submitted a draft package of measures to its member states which if passed, would see the EU target countries and firms that actively assist Moscow in evading key sanctions, especially certain products manufactured in the EU (such as drones, semiconductors and radar systems) which are currently prohibited from being exported to Russia. *"This package focuses on the implementation of sanctions, their effectiveness and how to prevent them from being circumvented, and also on the goods that have been banned from exporting to Russia preventing these goods from finding their way to Russia and its military-industrial complex,"* an EC spokesperson was reported as saying by the 'Euronews' media outlet yesterday. However, it's still not a given that all 27 EU countries will approve such a measure and there are questions around how such an extra-territorial effort will be enforced.

A New JCPOA Deal Is 'Still Possible' – Iran's Foreign Ministry.

A spokesperson at Iran's Foreign Ministry has claimed, that it may still be possible to revive the JCPOA if the US showed greater determination in getting a deal done. *"An agreement is possible both in term of the technical and political aspects"* if certain western countries *"especially the US showed political determination"* for a return to the nuclear accord's implementation, Nasser Kanani was quoted as saying yesterday by the 'Arab News' media outlet, adding that Tehran's policy *"is not to allow issues related to Iran's peaceful nuclear activity to become an obstacle in the process of Iran's cooperation"* with the IAEA. Indirect talks between Washington and Tehran over a new JCPOA ended without a breakthrough late last year after 16 months of 'on-again off-again' negotiations and we remain doubtful that such talks will be restarted anytime soon.

Egypt Will Push Forward With Economic Reforms – Finance Minister.

Egypt's Finance Minister Dr Mohammad Maait, announced this past weekend, that the government was proceeding with its IMF backed economic reform program including a package of financial and monetary procedures aimed at securing external funding. His comments came following last week's ratings downgrade of Egypt by FITCH from 'B+' to 'B', which the minister said reflected the agency's assessment of the impact serious global challenges such as the Ukraine war and rising inflation was having on emerging market countries such as Egypt. Both the Finance and Planning ministers are due to address the Egyptian parliament later today on the government's draft FY2023/24 budget and its socioeconomic plan. The draft budget anticipates a 42% rise in revenues to EGP 2.10 trillion while spending is expected to rise to EGP 3 trillion, according to a report published on the 'Ahram Online' news site.

Abu Dhabi's Economy Grew By 9.30% In 2022.

Abu Dhabi's economy expanded by 9.30% last year according to the latest data published by the Emirate's official statistics agency, making it the fastest growing economy in the MENA region during 2022. Importantly the non-oil sector contributed an estimated 50% towards Abu Dhabi's total GDP of AED 554.60 bio, and was supported by a 17.10% rise in real estate activity, 11.60% in the wholesale and retail sector and a 10.90% activity increase by the transport and storage sector. You can read more on this topic within our regular 'Daily Chatter' commentary which was published earlier today.

Dubai's PMI Hit Eight-Month High In April.

The S&P Global purchasing managers' index for Dubai hit an eight-month high of 56.4 in April from 55.5 in March and driven by robust activity within the wholesale and retail sector as well as tourism. Although also supporting this rise *"were sustained efforts by firms to build inventories in the light of a promising demand outlook, as well as recruiting staff to support higher workloads,"* an S&P statement read.

ADGM To Expand Its Footprint.

Following a green light by cabinet, Abu Dhabi Global Market is set to markedly expand by incorporating Reem Island into its jurisdiction as a financial free zone, which in turn means ADGM's combined geographic area will expand to an estimated 1,438 hectares. This expansion will provide an *"opportunity for Abu Dhabi to reinforce its position as a world-leading international financial centre and a global destination of choice,"* the Chairman of the Abu Dhabi Department of Economic Development and ADGM, Ahmed Al Zaabi, was [quoted](#) as saying by 'The National' newspaper adding that *"together, as ADGM, Al Maryah and Al Reem Islands will be one of the most attractive places to live and work across financial centres worldwide."*

Saudi Aramco Reports SAR119.54 Bio Profit In Q1 2023.

Saudi Aramco announced a Q1 2023 net profit of SAR 119.54 bio, which was 3.75% higher than the last quarter of 2022 but 19% lower than Q1 2022. In a statement the company said that this drop was driven primarily by lower oil prices, but at the same time was partially offset by lower taxes and Zakat as well as a rise in finance and other income. Meanwhile, Saudi Aramco's CEO, Amin Nasser, said that the oil giant was working on the introduction of performance-linked dividends in addition to its base distribution. He also said that the company was moving *"forward with our capacity expansion, and our long-term outlook remains unchanged as we believe oil and gas will remain critical components of the global energy mix for the foreseeable future."*

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	3.6721/24	5/7	8/11	10/13	15/20	20/25	26/31	50/80
USD/SAR	3.7502/05	13/18	23/28	33/43	52/62	63/73	74/84	200/250
USD/KWD	0.30645/655	-70/-50	-130/-100	-190/-140	-350/-300	-470/-420	-570/-520	-550/-400
USD/OMR	0.38497/502	6/11	15/25	22/37	50/80	95/135	140/190	250/400
USD/BHD	0.37696/701	17/22	36/41	55/65	90/120	140/170	175/205	325/525
USD/MAD	10.0500/0900	-300/-50	-450/-100	-600/-100	-900/-300	-1100/-400	-1400/-600	-3000/-800
USD/EGP NDF	30.8959	33.25/33.65	34.80/35.20	35.80/36.20	38.85/39.25	41.30/41.80	43.30/43.80	-
USD/JOD	0.7095/7100	30/130	75/225	150/300	200/600	300/800	400/900	700/1700
USD/NGN NDF	462.71	476.80/481.80	520.80/525.80	549.80/554.80	599.80/609.80	634.80/646.80	665.80/677.80	(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							

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

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+13/23	+23/33	+36/46	+44/54	+50/60	+56/66	+61/71	+75/85
SAR SPREAD	+73/83	+75/85	+82/92	+87/97	+93/103	+97/107	+99/109	+118/128

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

AND FINALLY...

Did you know that the city of Aden in Yemen was home to the world's second busiest port in the world in the 1950s?

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