

Market Insights & Strategy

Global Markets

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MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

Crude Market Switches Focus Onto Supply Disruptions.

The primary oil benchmarks dipped slightly yesterday, following the release of the latest EIA data which showed that US commerical crude inventories had risen by 3 mio barrels last week, compared to a 1.30 mio draw the previous week. However it should be noted that both gasoline and middle distillate stocks saw draws of 3.20 mio barrels and 4.20 mio barrels respectively, while gasoline inventories in particular are back below their five-year average ahead of the upcoming summer driving season. Crude prices regained some of this lost ground this morning as focus turned back towards the ongoing disruption of Canadian output, which some analysts suggest could lead to an overall supply loss of 4 mio barrels this month. Meanwhile, the news that exports of oil from Kurdistan via the Kirkuk–Ceyhan pipeline have still not restarted, is also providing some support to prices.

Russia Reports Attempted Sabotage Of Oil Pipeline.

Transneft, the Russian operator of the Druzhba oil pipeline claimed yesterday, that there had been an attempt to sabotage a filling station in the Bryansk region which lies close to the border with Ukraine. No damage was reported, but with Ukraine's counter-offensive expected to start soon, further such attacks on similar key infrastructure targets especially those in Russian held territory within Ukraine or just over the border, appears likely.

Republicans Challenge BlackRock Over ESG Policies.

A number of Republican state attorney-generals' from energy producing states like Texas and Indiana, have submitted a motion to the Federal Energy Regulatory Commission which is reportedly aimed at trying to prevent BlackRock from pressuring power utilities to reduce their use of

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fossil fuels. *"These elitists are trying to impose restrictions on energy companies and utilities that would never win approval at the ballot box. Their schemes could raise utility bills for regular Americans, including elderly Hoosiers on fixed incomes, and they could diminish the value of their investment accounts,"* Indiana's Attorney-General, Todd Rokita, was [quoted](#) as saying by 'Fox News'. BlackRock has said that better ESG information from companies would help investors better calculate risks surrounding important issues such as climate change. Meanwhile in a separate development, BNP Paribas has announced that the bank will no longer provide any financing dedicated to the development of new oil and gas fields regardless of the financing methods.

Iran & Egypt Hold Further Talks On Normalizing Relations.

According to an article published in 'The National' newspaper earlier this week, diplomatic and intelligence officials from Egypt and Iran have been holding talks in Baghdad since March over potentially normalizing bilateral relations. The latest discussions were apparently held this past weekend and an Iraqi official was quoted as saying that each side had welcomed Iraq's mediation efforts, and added that Egypt and Iran have been *"putting out feelers and they are willing to move forward. There is no headway until now."* A normalization of ties between these two countries would be a major geopolitical development in the region while the talks themselves highlight important strategic foreign policy shifts which have already resulted in a rapprochement between Tehran and Saudi Arabia as well as the return of Syria into the Arab League.

Lebanon's Economic Conditions Worsen As Political Stasis Drags On.

As the domestic political stasis in Lebanon drags on, USD/LBP is hovering near the 100,000 resistance level in the unofficial 'kerb' market again. The local currency hit a record low of LBP 143,000 per US dollar in March this year, before recovering somewhat after the new Sayrafa was introduced. Meanwhile, data from the country's official statistics agency showed that the annual inflation rate for food and beverages has risen to 352%, the highest such rate in the world. However, one potential bright spot on the horizon is hope that planned exploratory drilling for oil and gas off the coast of Lebanon will make a significant discovery before the end of this year. A consortium led by TotalEnergies are due to begin drilling in September.

Headline Inflation Rate In Egypt Dips Slightly.

Egypt's headline inflation rate fell to 30.60% last month from 32.70% in March, according to the latest data released by CAPMAS. Annual core inflation also dipped to 38.60% from 39.50% the previous month and was the first m/m reduction in ten months, although admittedly still far above the 14.90% recorded in April 2022. All eyes now will be on the Central Bank of Egypt's next MPC meeting on the 18th May with the market currently anticipating a 100-200bp hike.

Economic Diversification 'Is Essential'- Bahrain's Minister Of Commerce.

Bahrain's Minister of Industry and Commerce, Abdullah Adel Fakhro, said this week that his country continues to diversify its economy and is targeting the expansion of the Kingdom's information and technology sector as well as medicine, petrochemicals, food security and tourism. *"Today, the economy has become highly diversified. In the past, 40% of Bahrain's GDP was from the oil sector, whereas today it makes up almost 20%. So, we are well on our way toward diversifying into an economy that is not dependent upon the price of oil,"* the minister was quoted as saying by the 'Arab News' site during a visit to Japan.

Kuwait Suspends Work & Visit Visas For Filipinos.

The Kuwaiti authorities have suspended the issuance of all types of work and entry visas for Filipinos, according to a report published in the 'Kuwait Times' newspaper. The article quotes an unnamed Interior Ministry official explaining that this suspension was implemented because the *"Philippines has not complied with the provisions of the labor agreement between the two countries."* You can access more details on this subject [here](#).

Fisia Italimpianti Wins Two Contracts In Saudi Arabia.

Italy's Fisia Italimpianti (a subsidiary of the Webuild Group) has been awarded two contracts worth an overall value of EUR 408 mio, to build and operate a water treatment plant within the Zuluf onshore oil facilities in

Saudi Arabia. These contracts “strengthen Webuild’s position in the water sector, where it aims to grow as part of its recently announced 2023-2025 roadmap,” the company said in a statement according to the ‘GDN Online’ news site.

Emirates Airlines Establishes Sustainability Fund.

Dubai based Emirates Airlines has announced, that it will provide US\$200 mio in funding for research and development projects that are focused on advanced fuel technologies. “We looked long and hard at the reality we face in commercial aircraft and engine technology, fuel supply chain, and our industry’s regulatory and ecosystem requirements. It’s clear that with the current pathways available to airlines in terms of emissions reduction, our industry won’t be able to hit net zero targets in the prescribed timeline. We believe our industry needs better solutions, and that’s why we’re looking to partner with leading organizations on R&D. Our aim is to contribute meaningfully to practical solutions for the long-term sustainability of commercial aviation,” the airline’s CEO Sir Tim Clarke was quoted as saying by ‘The National’ newspaper.

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	4/7	7/10	10/13	18/23	24/29	29/34	50/100
USD/SAR	3.7504/07	13/18	25/30	35/45	55/65	64/74	75/85	200/250
USD/KWD	0.30650/660	-55/-40	-110/-90	-160/-130	-290/-240	-420/-370	-520/-470	-500/-350
USD/OMR	0.38495/500	10/15	20/30	30/45	60/90	100/150	150/200	250/400
USD/BHD	0.37695/700	17/22	36/41	50/65	90/120	140/170	175/205	325/525
USD/MAD	9.9800/10.0200	-300/-50	-450/-100	-600/-100	-900/-300	-1100/-400	-1400/-600	-3000/-800
USD/EGP NDF	30.8966	32.90/33.25	34.80/35.20	36.20/36.60	39.25/39.75	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	463.00	476.80/481.80	522.80/527.80	552.80/557.80	604.80/614.80	640.80/655.80	670.80/685.80	(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	3.0500/3.0900	100/400	250/675	450/950	800/1800	1600/3000	2000/4000	2500/5000
Crude Oil	Futures							
WTI	\$73.00							
Brent	\$77.00							

**** (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	+34/44	+43/53	+50/60	+56/66	+61/71	+75/85
SAR SPREAD	+70/80	+74/84	+80/90	+86/96	+91/101	+96/106	+97/107	+116/126

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

AND FINALLY...

Did you know that the Romans were the first to use geothermal energy to heat their homes?

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