

# Market Insights & Strategy

Global Markets

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## MIDDLE EAST & AFRICAN MONITOR

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- Egypt Sells 9.50% Stake In Telecom Firm.
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### REGIONAL COMMENTARY

#### **IEA Sees Oil Demand Rising By More Than Expected.**

In its latest monthly report, the IEA said it predicts demand for crude to increase by more than expected during the next three quarters, stating that *"World oil demand is forecast to rise by 2.20 mio bpd year-on-year in 2023 to an average 102 mio bpd, 200,000 bpd above last month's report. China's demand recovery continues to surpass expectations, with the country setting an all-time record in March at 16 mio bpd."* An 18.90% jump in Chinese refinery output during April definitely supports this trend, although the IEA also admitted there were some lingering risks to China's economic recovery including, continued weak manufacturing activity and subdued global trade. On the supply side, the IEA highlighted the likelihood of a further dip in supplies this month, saying *"significant outages in Iraq, Nigeria and Brazil were only partly offset by increases elsewhere, with global oil supply down by 230 kb/d to 101.1 mb/d in April. Steeper losses are in store for May as wildfires shut in Canadian barrels and extra cuts from some OPEC+ producers take effect."* You can access the full IEA report [here](#).

#### **US Oil & Gas Rig Count Slips.**

The overall number of active oil and gas rigs in the US slipped by 17 to 731 last week, according to the latest data published by Baker Hughes. This is the largest single-week fall since June 2020 although the bulk of this number were gas rigs. Meanwhile, the US Secretary of Energy, Jennifer Granholm, hinted during a hearing in the House of Representatives late last week, that the administration may begin to refill the country's Strategic Petroleum Reserve as soon as the end of June, which ironically would be the same month their mandated sale of SPR barrels is due to end but is earlier than the 4<sup>th</sup> quarter of 2023 which the administration had previously suggested as a refilling start date. The SPR currently sits at 372 mio barrels its lowest level since 1983.

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### **Russia's Crude Oil Exports Rise.**

Russia's seaborne crude oil exports rose again last week and were 10% higher than they were at the beginning of April, although the majority of these shipments are reportedly going to China and India. According to S&P Global Commodities, India purchased almost 2 mio bpd of the 3.76 mio bpd Russian origin seaborne oil exports last month, but the research house also calculated that Russia's oil product exports had slipped by 16% m/m in April to 2.58 mio bpd.

### **US Navy To Deploy More Assets In The Gulf.**

The US Navy announced last Friday, that the US and its allies would be deploying additional assets within the Arabian Gulf, due to what the USN describes as Iran's increased harassment of commercial vessels sailing through the Strait of Hormuz. This issue was highlighted by Iran's seizure of the Greek-owned tanker 'Niovi' and the Marshall Islands-flagged crude tanker, 'Advantage Sweet', earlier this month while a third ship, the fuel products tanker 'Purity' was reportedly seized by IRGC forces late last week, [according](#) to the 'Lloyds List Maritime Intelligence' website.

### **Egypt Sells 9.50% Stake In Telecom Firm.**

This past weekend, Egypt's Finance Ministry confirmed that it had sold a 9.50% stake in state-owned Telecom Egypt last week, as a part of Cairo's program to offload some of its holdings in 32 state-owned enterprises. The IMF said in January, that it expects US\$8.60 bio in Egyptian state assets to be sold by the end of 2023. A second offering, dedicated to staffers of Telecom Egypt, was started on Sunday and will go on until the 25<sup>th</sup> of May. You can read more on this topic [here](#).

### **IMF May Approve Loan To Ghana This Week.**

Ghana's Minister of Finance, Mohammed Amin Adam, said yesterday that he believes the IMF will approve a US\$3 bio loan to his country at the lenders board meeting tomorrow. He also claimed that "*the first tranche of US\$600 mio will come immediately*" afterwards, and that he expects more "*favorable negotiations with Eurobond holders,*" going forward. Ghana is currently experiencing its worst economic crises in decades, with headline inflation hitting 53.60 % in January this year before slowing to 41.20% last month. However, prices for basic essentials like cereals stood at 62.90%, milk and dairy products at 61.80% and fish at 58% in April.

### **Nigeria's CB Likely To Hike Rates Again.**

Nigeria's CPI rate rose for the fourth month in a row to 22.20% in April, driven primarily by higher food and transport prices. This is way above the Central Bank's target range and thus its likely that the bank will raise its benchmark interest rate again at its next MPC meeting on the 23<sup>rd</sup> of May. Meanwhile, Unilever Nigeria is [reportedly](#) set to cut its production of a wide range of well-known products such as Sunlight, Omo, Closeup, LifeBuoy, and Dove due to a domestic cash crunch, rising taxes and a weak exchange rate. The company which has been operating in Nigeria since 1903, said in March this year that it will be "*focusing more on business continuity measures that reduce exposure to devaluation and currency liquidity in our business model.*"

### **Egypt & Norway Sign Development Agreement.**

Egypt's Alexandria National Refining and Petrochemicals Company has signed a joint development agreement with Norway's Scatec, in order to establish the North African country's first green methanol production project in Damietta Port which involves an overall investment of around US\$450 mio. According to the 'Ahram Online' news site, this project also includes the construction of renewable energy stations with 40 MW of solar power capacity and 120 MW of wind power.

### **Mitsubishi Power Wins Major Contract In Kuwait.**

Japan's Mitsubishi Power company has [reportedly](#) been awarded a contract to provide major plant upgrade services and cutting-edge technologies for the Sabiya Power and Water Distillation Station in Kuwait.

### **Masdar & Airbus Sign Sustainable Fuels Pact.**

Masdar, the Abu Dhabi based clean energy company, has signed an agreement with Airbus, to collaborate on the development of sustainable aviation fuels, green hydrogen and direct air capture technology. "*This MoU*

with Airbus further amplifies Masdar's commitment to accelerating the reduction of global carbon emissions and pioneering worldwide efforts towards decarbonization. We look forward to working closely with Airbus to support the development of the global sustainable aviation fuel market and to exploring the adoption of creative low-carbon solutions in support of net zero," Masdar's CEO, Mohamed Al Ramahi, was quoted as saying today 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	10/15	18/23	23/28	28/33	50/100
USD/SAR	3.7500/03	15/20	26/31	35/45	55/65	64/74	75/85	190/240
USD/KWD	0.30685/695	-45/-35	-85/-70	-125/-95	-220/-180	-320-280	-420/-370	-500/-350
USD/OMR	0.38497/502	9/14	20/30	30/45	60/90	100/150	170/220	250/400
USD/BHD	0.37695/700	21/26	38/48	50/65	90/120	140/170	175/205	325/525
USD/MAD	10.0600/10.0900	-300/-50	-450/-100	-600/-100	-900/-300	-1100/-400	-1400/-600	-3000/-800
USD/EGP NDF	30.8966	32.00/32.50	33.90/34.40	35.35/35.85	38.50/39.00	40.80/41.30	42.80/43.30	-
USD/JOD	0.7095/7100	30/130	75/225	150/300	200/600	300/800	400/900	700/1700
USD/NGN NDF	464.58	488.50/493.50	525.50/530.50	554.00/559.00	606.00/616.00	640.50/655.50	671.00/686.00	(NAFEX)
USD/GHS NDF	11.8000	11.60/12.10	11.65/12.15	11.70/12.50	11.90/12.90	12.10/13.10	12.35/13.35	-
USD/TND	3.0600/3.0900	100/400	250/675	450/950	800/1800	1600/3000	2000/4000	2500/5000
Crude Oil	Futures							
WTI	\$71.00							
Brent	\$75.20							

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

#### AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+14/24	+26/36	+35/45	+44/54	+51/61	+57/67	+62/72	+76/86
SAR SPREAD	+73/83	+75/85	+81/91	+89/99	+95/105	+98/108	+99/109	+116/126

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

#### AND FINALLY...

*Did you know that the first portable 'shadow clock' was used in Egypt around 1500 BCE?*

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