

Market Insights & Strategy

Global Markets

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REGIONAL COMMENTARY

Crude Prices Edge Up On Positive Debt Ceiling News.

The news over the weekend that a potential final deal on the US debt ceiling was in the offing, helped crude prices kick-off this morning's session between 0.50-1% higher than Friday's close, although today's trading activity is expected to be muted due to a US public holiday. Meanwhile, despite China's more sluggish than expected economic recovery thus far, demand for oil from the world's second largest consumer has risen sharply over the past few months. According to estimates published by the 'Energy Intelligence' research and advisory house, China imported a record 16.06 mio bpd last month, a 5% m/m rise and a 26% jump y/y, driven by strong demand from the country's independent refiners.

Russia Sees No Need For Another OPEC+ Oil Output Cut.

Russia's Deputy Prime Minister, Alexander Novak, said late last week that he does not expect the OPEC+ grouping to initiate further output cuts at its next scheduled meeting on June 4th. *"I don't think that there will be any new steps, because just a month ago certain decisions were made regarding the voluntary reduction of oil production by some countries,"* Novak was quoted as saying by various Russia media outlets, adding that he expected the price of Brent to be above US\$80 by the end of this year.

CAPEX Into Solar Projects Set To Overtake Oil In 2023 – IEA.

The head of the IEA, Fatih Birol, claimed last week that investment into solar power is expected to average more than US\$1 bio per day in 2023 and thus overtake the amount of Capex going into the oil sector for the first time. *"Clean energy is moving fast, faster than many people realize. This is clear in the investment trends, where clean technologies are*

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pulling away from fossil fuels. For every dollar invested in fossil fuels about 1.7 dollars are now going into clean energy, five years ago this ratio was one-to-one. One shining example is investment in solar, which is set to overtake the amount of investment going into oil production for the first time," Birol was quoted as saying by 'CNBC', adding that *"Governments, investors, see that the next chapter of the industry is clean energy technology manufacturing batteries, electric cars, solar panels, and they are providing huge incentives to investors."*

Clashes Break Out At Iran's Border With Afghanistan.

Simmering tensions along Iran's Sistan and Baluchestan province and the Afghan province of Nimroz reportedly boiled over into a heavy gunfight between Iranian security forces and the Taliban this past weekend, leading to the death of at least three people while wounding several others. Disagreement over water rights is the primary reason behind the rise in tensions between these two countries and was highlighted in a [warning](#) made by the Iranian President earlier this month, in which he called on the Taliban not to violate a 1973 agreement over his country's rights to the 1,150 km long Helmand River. Iran has been facing acute water shortages for some time now and this is due to a broad range of reasons including; climate change, reduced rainfall, a lack of investment and poor environmental policies. According to a [report](#) published by the World Resources Institute in 2019, the majority of the globe's 17 most water-stressed countries are located within the MENA region.

Nigeria's New President Sworn Into Office Today.

Nigeria's newly elected President Bola Tinubu, is due to be officially sworn into office today. As a member of the ruling All Progressives Congress party his policies are not expected to differ widely from those of the outgoing President Muhammadu Buhari. However he faces a growing list of domestic challenges including weak economic growth, rising inflation, unsuitable fuel subsidies, ongoing insecurity (including within the oil-rich Niger Delta region) and declining foreign investment into Africa's most populous country.

IMF Program 'Will Restore Investor Confidence' – Ghana's President.

President Nana Akufo-Addo said yesterday, that although an IMF decision to approve a US\$3 bio extended credit facility for Ghana earlier this month will not end its economic problems overnight, it will restore investor confidence in his country. *"The fact that we've been able to negotiate such a deal sends a positive message to our trading partners, creditors and investors. A positive message that will be underpinned by the discipline, hard work and enterprise with which we execute the program,"* the President was quoted as saying by 'Bloomberg' on Sunday.

Saudi Arabia's FX Reserves Fall.

According to the latest data released by Saudi Arabia's Central Bank yesterday, the country's net foreign reserves slipped to SAR 1.54 trio (US\$410.60 bio) last month, its lowest level since January 2010. However, it should be noted that this still means that the Kingdom's reserves are among the top 10 highest in the world, and the current level roughly translates into more than two years of import cover.

Egypt To Introduce New Taxes.

The Egyptian government is set to introduce a range of new taxes and fees in June, after the country's parliament provisionally approved the measures last week. These include; an additional 1% stamp duty on life and physical injury insurance premiums and 11% on land, river, maritime and air transport insurance premiums. A new 10% tax will be imposed on a range of imported non-essential and luxury goods, a 3% charge on duty-free purchases and a 5-10% tax on tickets to entertainment such as movies, music shows, and public sporting and social events. You can access more details on these and other taxes [here](#).

Chevron Wins Graphite Contract In KSA.

A joint-venture between Chevron and Lummus Technology, has been awarded the contract to establish a new 75,000 TPA needle coke/synthetic graphite complex in Rabigh. Under this contract the JV will provide pilot plant testing, licensing, basic design, and additional engineering and operations support, while the feedstock will be supplied by the Rabigh Refining & Petrochemical Company, according to the 'Zawya' media site.

Petrofac Closes In On Petrochemical Contract In Algeria.

A joint-venture between Petrofac and the China Huanqiu Contracting & Engineering Company, has reportedly been conditionally awarded a US\$1.50 bio petrochemical project in Algeria. *"Algeria is a core market for Petrofac and we are committed to supporting the long-term delivery of critical infrastructure as the country plays an increasingly important role as a major energy producer and moves into major petrochemical projects,"* Petrofac's CEO was quoted as saying earlier this month by the 'Market Watch' news site.

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	3/6	7/10	8/11	14/19	20/25	26/31	50/100
USD/SAR	3.7503/06	16/19	33/36	45/50	71/76	83/88	94/99	200/270
USD/KWD	0.30755/765	-50/-40	-105/-90	-140/-120	-270/-220	-375/-325	-450/-380	-550/-300
USD/OMR	0.38499/504	-3/+2	Par/+10	10/25	38/58	75/105	125/175	250/450
USD/BHD	0.37697/702	18/23	35/45	50/60	95/115	130/160	160/210	325/525
USD/MAD	10.1700/10.2000	-400/-100	-600/-300	-900/-400	-1600/-400	-2000/-500	-2200/-500	-3000/-800
USD/EGP NDF	30.8970	31.40/31.70	32.45/32.75	33.60/33.90	36.60/37.10	39.25/39.75	41.70/42.20	-
USD/JOD	0.7095/7100	30/130	75/225	150/300	200/600	300/800	400/900	700/1700
USD/NGN NDF	465.13	495.00/500.00	522.00/527.00	549.00/554.00	595.00/605.00	630.00/645.00	663.00/678.00	(NAFEX)
USD/GHS NDF	10.7250	11.25/11.75	11.35/11.85	11.45/12.25	11.55/12.35	11.95/12.95	12.25/13.25	-
USD/TND	3.0800/3.1100	100/400	250/675	300/750	700/1400	1000/2500	1800/3800	2500/5000
Crude Oil	Futures							
WTI	\$73.55							
Brent	\$77.75							

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

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+10/20	+25/35	+36/46	+45/55	+51/61	+56/66	+60/70	+75/85
SAR SPREAD	+67/77	+73/83	+77/87	+84/94	+89/99	+93/103	+97/107	+110/120

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

AND FINALLY...

Did you know that Algeria is the largest country in Africa and the 10th largest in the world by area?

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