

Market Insights & Strategy

Global Markets

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MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

Oil Traders Eye Rising COVID-19 Cases.

Brent and WTI were still hovering well above US\$70 a barrel as the markets opened this morning. Prices remain supported by the ongoing fall in crude inventories as demand exceeds supply, but as mentioned in our previous commentaries, further upside is still being slowed by lingering concerns over fresh COVID-19 infections, and the apparent need for booster shots after 6 months in order to maintain vaccine efficiency. The Delta variant seems to be the primary reason for the jump in new cases, with the [CDC warning](#) that this variant is highly transmissible. China is now reportedly struggling to contain such an outbreak in the city of Nanjing, Japan is reporting 3,000 new cases a day, the Australian state of NSW has extended its lockdown for a further four weeks, Thailand has expressed concern about the current heavy number of coronavirus patients admitted to its hospitals and South Korea is also experiencing high daily case numbers. Therefore traders remain cautious in case the global economic recovery is disrupted by these new outbreaks. In addition to this, China’s crackdown on independent domestic refineries appears to be continuing. The authorities have already reportedly instructed state owned oil companies to stop trading their import quotas with ‘teapot’ refineries, and are apparently also investigating some of these independents for potentially breaching environmental and tax laws. This in turn could well see more subdued oil demand from China in the months ahead.

Global Issuance Of ‘Sustainable’ Bonds To Hit US\$850 Bio In 2021 – Moody’s.

Moody’s Investor Services has raised its forecast on the worldwide issuance of green, social and sustainable bonds to an estimated record of US\$850 bio this year. “Following record first-half issuance, we now forecast about US\$450 billion of green bonds and US\$200 billion each of social bonds and

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sustainability bonds this year. We still expect sustainable bonds to account for around 8%-10% of global debt issuance in 2021, as issuers across all segments of the market continue to explore how they can link their capital markets activities with their sustainability objectives," a senior Moody's analyst was quoted as saying on their website. You can view the full Moody's statement [here](#).

US Official Says Iran Nuclear Talks Cannot Continue 'Indefinitely'.

The US Secretary of State, Anthony Blinken, warned yesterday that although the Biden administration was prepared to continue to participate in the indirect negotiations aimed at reviving the JCPOA accord, such talks could not drag on forever. "We are committed to diplomacy, but this process cannot go on indefinitely. At some point, the gains achieved by the JCPOA, cannot be fully recovered by a return to the JCPOA if Iran continues the activities that it's undertaken with regard to its nuclear program activities, that, of course, are breaking through the constraints imposed by the JCPOA," Blinken was quoted as saying yesterday by 'CNN', adding that "Iran has fundamental decisions to make about whether it too wants to return to compliance, and there is no amount of deflection that can change that basic fact, and the ball remains in Iran's court. We will see if they are prepared to make the decisions necessary to come back into compliance."

Tunisia's President Assumes Executive Powers.

This past Sunday Tunisia's President, Kais Saied, announced that he had taken steps to address what he described as an emergency situation in the country. These steps included the dismissal of Prime Minister Hichem Mechichi, the suspension of parliament for 30 days and the lifting of parliamentary immunity for MPs. The President assumed executive powers via article 80 of Tunisia's constitution and promised a major crackdown on corruption. Since then, Saied has appointed a former National Security Advisor, Ridha Gharsallaoui, to act as the Interior Minister until a new government can be formed, and announced the establishment of a special crisis unit, which will be headed by a senior military officer, in order to try and resolve the worsening Covid-19 situation in the country. President Saied, a former law professor, has denied opposition claims that he is attempting 'a coup' and said they should "revise their constitutional lessons". You can read more details on this situation [here](#).

Lebanon Has A New Prime Minister But Still No Government.

The President of Lebanon, Michel Aoun, appointed Najib Mikati as the country's new Prime Minister earlier this week, following the resignation of Saad Hariri. Mikati, a wealthy businessman and former PM, has promised that the majority of his proposed cabinet line-up will be led by technocrats and he is viewed by some local politicians as a consensus candidate, but he will be the third person in a year to attempt to form a government. As such it remains to be seen if he will be successful, and he only has limited time to achieve this as Lebanon's socio-economic situation continues to worsen on a daily basis.

Saudi Arabia Will Accept Vaccinated Tourists From August.

Saudi Arabia's Ministry of Tourism has announced, that the Kingdom will allow tourists to enter the country from beginning of next month. However, visitors must have had two doses of a COVID-19 vaccine approved by the Saudi Arabian Health Ministry, such as Pfizer, AstraZeneca or Moderna. They will also be required to register on the 'Tawakkalna' app, in order to enter public places. "We focused our efforts during the downtime, in close co-operation with our partners in all sectors, to ensure a safe return through which visitors to the Kingdom can enjoy exploring its tourist treasures, important destinations and landmarks, unique tourist experiences, and learn about the culture of generosity and hospitality that characterizes Saudi society," the Tourism Minister, Ahmed Al Khatib, was quoted as saying by 'The National' newspaper.

Dubai Slashes Government Service Fees.

Dubai has cancelled or significantly reduced the fees imposed by 88 government services in an attempt to support and improve the local business environment. This move was announced by Sheikh Hamdan bin Mohammed bin Rashid Al Maktoum, the Crown Prince of Dubai and Chairman of Dubai's Executive Council. Some more details about the decision was published on the Government of Dubai's Media site, which you can access [here](#).

Moody's Affirms Egypt Ratings.

Moody's Investor Services has affirmed its long-term foreign and local currency issuer ratings on Egypt at B2 with a 'stable' outlook. "The affirmation of the B2 ratings and stable outlook reflects Egypt's continued exposure

to volatile financing conditions driven by weak debt affordability and high gross borrowing requirements, balanced against improving shock resilience evidenced during the pandemic as a result of the government's track record of economic and fiscal reform implementation. Egypt's broad domestic funding base and renewed build-up of foreign exchange reserves provide a buffer against volatile capital flows and support the government's structural economic reform agenda to improve export competitiveness and broaden the revenue base," the ratings agency's statement read.

Chinese JV Wins Drilling Contract In Kuwait.

A joint-venture between China's Hangzhou Zaopinst Company and Kuwait based Heavy Engineering Industries and Shipbuilding Ltd, has been awarded a US\$185 mio contract involving drilling, transportation and treatment work at a project in the south of the country, according to the 'Zawya' media outlet.

Mawani To Build New Grain Silos In KSA.

The Saudi Ports Authority (Mawani) has reportedly signed a contract with the United Feed Company to construct grain silos at the country's Jazan and Ras Al-Khair ports. Once complete the 16 silos will have the capacity to store up to 240,000 tonnes of grain according to the 'Construction Week Online' website.

FX/RATES & CRUDE MARKETS:

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Currency	Spot	1M	2M	3M	6M	9M	12M	2Y
USD/AED	3.6729/30	-0.5/+1	-0.5/+1.5	Par/+2	Par/+3	2/7	5/10	40/60
USD/SAR	3.7505/07	10/15	17/22	20/25	40/45	57/62	65/75	120/150
USD/KWD	0.30030/50	14/24	35/45	55/70	120/140	180/210	240/270	370/450
USD/OMR	0.38498/503	8/18	23/33	30/50	70/95	115/145	160/190	350/450
USD/BHD	0.37698/503	25/35	48/68	65/90	140/170	180/230	240/290	425/575
USD/MAD	8.8700/8900	50/120	100/200	125/275	250/550	400/800	600/1500	1800/3800
USD/EGP NDF	15.6900	15.80/15.85	15.92/15.97	16.04/16.09	16.47/16.52	16.91/16.96	17.34/17.39	-
USD/JOD	0.7085/95	50/150	70/270	200/350	400/700	500/900	600/1200	1000/2500
USD/NGN NDF	411.19	415.00/419.00	418.00/423.00	423.00/428.00	437.00/442.00	450.00/455.00	462.00/472.00	(NAFEX)
USD/GHS NDF	5.9200	5.96/6.00	6.00/6.05	6.05/6.10	6.24/6.34	6.43/6.53	6.60/6.75	-
USD/TND	2.7500/8000	150/350	300/700	500/1000	600/1600	1200/2200	1700/3000	4000/6000
Crude Oil	Futures							
WTI	73.50							
Brent	75.60							

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

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+18/24	+23/29	+27/33	+30/36	+32/38	+34/40	+36/42	+45/51
SAR SPREAD	+70/74	+79/85	+89/95	+98/104	+105/111	+109/115	+118/124	+133/139

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

AND FINALLY...

Did you know that between 1977 and 2005, seven Tunisian cities were used as setting locations for the Star Wars films?

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