Khaled Hanafy: Arab Financial Markets Should Seize the Opportunities Provided by Commodity Exchanges

The Secretary General of the Union of Arab Chambers, Dr. Khaled Hanafy, pointed out that "the Corona pandemic and its associated political responses have led to a large wave of capital reallocation between markets and asset classes," considering that "the work of capital markets is closely related to technology more than ever." Adding that "the year 2021 will constitute an important paradigm shift in capital markets, as technology trends will take multiple forms as financial entities focus on technology resources to take advantage of core competencies, create value differentials, and work with partners or external contractors for commodity activities".

Hanafy’s words came during his participation in the working session that was held within the activities of the annual meeting of the Arab Federation of Exchanges, entitled: "Commodities Trading: Spot versus Derivatives Markets."

He also affirmed that “commodity trade is necessary to serve as a platform for traders, and to encourage small traders and producers to enter the formal trade system, which would lead to price stability, prevent monopolistic practices, eliminate randomness in trade and increase opportunities for exporting products, which will provide a degree of protection for small farmers and producers.”

Hanafy believes that "commodity risk management is necessary to mitigate risks that are an integral part of commodity trade."

He added: "It is a new market era with the increase in the digitization of entire commodity value chains, as companies need to develop a completely new operating model that is ready to respond to this turmoil, considering that commodity exchanges are almost absent from the Arab scene, with the exception of the Dubai Gold and Commodities Exchange, which was established in 2005 as the first exchange for commodity derivatives in the Arab Gulf region, and played a pioneering role in developing the regional market for commodities’ derivatives.

He continued: Egypt also recently announced plans to launch a regional market for commodities’ derivatives."
أكد، أن الإقتصاد الحكومي خلال السنوات العشر القادمة يقدر نحو 10 تريليونات ريال، ليكون القطاع الخاص شريكًا جنباً إلى جنب في جهود التنمية في المملكة، وتحقيق أهداف ربيئة 2030، في ظل توجيهات خادم الحرمين الشريفين الملك سلمان بن عبد العزيز.

واعتبر أن إقتصاد خاص حيوي ومزدهر يعدّ من الأصول الوطنية للملكة، لما يمثله من أهمية ودور حيوي، بصفته شريكًا رئيسياً في ازدهار وتطور اقتصاد المملكة، ليواصل أداء الأولويات الوطنية للمملكة، لما يمثله من أهمية ودوره في تحقيق الأهداف الاستراتيجية المتمثلة في زيادة مرونة الاقتصاد ودعم الازدهار والنمو المستدام.

The Saudi Crown Prince Mohammed bin Salman revealed that the local private sector will invest 5 trillion riyals ($1.3 trillion) between now and 2030 under the partnership program with the private sector called "Partner" to help diversify the economy. This came during the launch of the program to strengthen partnership with the private sector for local companies, with the aim of developing business between the government and private sectors, and accelerating the achievement of the strategic objectives of increasing the resilience of the economy and supporting prosperity and sustainable growth.

H.H. Bin Salman affirmed that the government spending during the next ten years is estimated at 10 trillion riyals, so that the private sector will be a side by side in the development efforts in the Kingdom and achieving the goals of Vision 2030, in line of the directives of the Custodian of the Two Holy Mosques King Salman bin Abdulaziz.

He also considered that "building a vibrant and prosperous private sector is one of the Kingdom's national priorities, due to the importance and vital role it represents, as a key partner in the prosperity and development of the Kingdom's economy, to continue to perform its supportive tasks, to achieve the national aspirations set by Vision 2030."

Source (Al-Arabiya.net, Edited)
Moody's Grants Egypt a B2 Credit Rating

Moody's, the credit rating agency, stated that Egypt's achievement of an initial surplus in its budget, with the lower interest cost and the return to achieving significant growth levels, paves the way for the government to resume achieving the goal of reducing the debt-to-GDP ratio. The agency granted Egypt a credit rating of B2 with a stable outlook.

The agency expected in its report that Egypt's debt will decline below the expected level, to exceed 90 percent of GDP in the fiscal year ending in mid-2021.

The agency revealed that the government's targets for the new budget, which will begin next July, renew the direction the government was taking before the Corona pandemic to control the financial conditions, revealing that these targets are broadly in line with the government's public finances expectations.

According to the agency, the financial data for the first half of the current fiscal year ending in December 2020 confirm the government's efforts to preserve revenues during the pandemic, and to gradually reduce interest payments as a percentage of GDP and revenue. Indicating that this saving leaves room for the new budget for social spending and the planned increase in wages without causing any impediment to the general trend of controlling the government's public finances.

Source (Al-Arabiya.net, Edited)